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Q. And does it vary from—shall we say from one treasurer to another? A. Very much.

* * *

[2323] STERLING L. SMITH, called as a witness, having been first duly sworn, was examined and testified as follows:

Trial Examiner: Where do you live?

The Witness: Greenville, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Mr. Smith, can you tell us what your position is with the Cost Department of Deering, Milliken Service Corporation? A. I am the Manager of that Department.

* * *

Q. Can you tell us when you came with the Cost Department? A. When the Service Corporation was formed. And prior to that in 1948.

Q. You say prior to that in 1948. Did you perform some similar functions to the functions performed by the Cost Department prior to the formation of the Service Corporation? A. Yes, sir.

Q. Can you tell us generally what the duties and functions of the cost department are? A. Your questions, I believe, refer to this period 1954, 1955 and 1956?

Q. Yes, sir. A. At that time?

Q. Yes, sir. A. The functions at that time were essentially three. First what I would describe as an "old-fashioned efficiency expert". Second, the "design and installation of improved cost accounting methods" in those mills which were interested in that. And third, some work in

connection with quality controls for some of the mills which had been interested and asked us to work on that.

* * *

[2325] Trial Examiner: General Counsel's J-1 and J-2 are received.

* * *

Q. (By Mr. Dyer) Now the figures for these reports came from all of the D-M Mills; is that right? [2326] A. Yes, sir.

Q. Now, the figures, as such, from the mills, do you furnish the mills with forms on which to set up and set forth those figures? A. You are referring to this particular report?

Q. Yes, sir. A. We sent them a typed letter of request for information with an extra copy with space for them to fill in the information requested and send it back. It was not a printed form.

Q. This was done for both years—this was done from both of those reports which you have before you; is that right? A. Yes, sir.

Q. All right. And in your request form to the mill, did you set forth how you wanted the information set up?

In other words, breaking it down into various categories? A. Yes, sir.

Q. Now, referring to General Counsel's J-1, the 1954 Annual Labor Turnover Report, I note that the mills are broken into three groups: Cotton, Rayon, and Woolen Mills; is that right? A. Yes, sir.

Q. Now, can you tell us what the purpose of these reports [2327] are? A. Labor turnover, of course, is important as bearing on costs of operating a mill. And the Treas-

urers wished to compare their experience with these other mills. Of course they also got information from such sources as the National Industrial Conference Board and other outside entirely independent sources to compare to see how they were doing with all other types of operation.

Q. I note both reports are addressed to all personnel managers. Would that be all personnel managers at the D-M Mills? A. All those mills which had personnel managers or people who functioned as such, yes, at the individual mills.

Q. And also a copy of the report went to Mr. C. G. Johnson. Is Mr. Johnson the head of the placement department of Deering, Milliken Service Corporation? A. I believe so. Yes, at that time he was so.

Q. And also copies went to Mr. Lowry and Mr. Roger Milliken? A. Yes, sir.

Q. All right. Now, in the first paragraph of General Counsel's J-1 you refer to the net separations showing improvement from 26.7 percent in 1953 to 23.8 percent in 1954 despite an 8.1 percent reduction in personnel.

When you speak of net separations, does that include all the mills in that figure? [2328] A. Yes, sir.

Q. You go on to say that seven mills show an increase which is more than accounted for by a net reduction in personnel.

Can you explain to us just what the figures mean?

When you say "reduction in personnel", what do you mean by that? A. Well, if a mill started the year with a thousand employees and for whatever reasons ended the year with only 900 employees, they obviously must have had a separation of one hundred employees. They couldn't possibly have less than that figure.

Q. All right. And that is the reduction in personnel at the mill? A. That is right.

Q. Now, then, the annual labor turnover figure of 26.7 and 23.8 would be the other separations where people have been replaced; is that right? A. No, sir. What we meant by net separations was total separations including certain exclusions which were listed on this attachment.

Q. Can you tell us what those are? A. Returns to school of high school or college students employed purely during the summer time, and those people who entered military service, either by draft or volunteering.

[2329] The Treasurers considered those exceptional items that they couldn't hope to cope with and those were subtracted to arrive at a net figure.

Q. I take it, then, that the figure that is remaining, the 26.7 in 1953 and the 23.8 in 1954, excludes those two categories you have just mentioned? A. That is correct.

Q. And would bring the—then the balance would be people who have been separated at the mill, either fired or laid off, and have been replaced; is that right? A. Without consideration to whether they are replaced or not, people who have left for any other reason except these two listed reasons.

Q. In other words, people who were fired or who quit? A. Fired or quit. Or laid off.

Q. Now, in the third paragraph, you state "This is the first time we have shown a figure of reduction in personnel which is a net reduction after excluding transfers."

Now what transfers do you have reference to? A. Well, at Johnston Mill——

Q. Are you referring to the exhibit? A. No. I am trying to answer your question by example.

Q. This is from your memory? A. Yes, from my memory.

At Johnston Mill, which is the weaving mill of the [2330] worsted group, they had greige cloth examiners. The management of that group decided that it might be better to have the greige cloth examiners at the finishing plant for the same group. And so they transferred that function from one mill to another; and of course in numbers of people they transferred those jobs.

Then, of course, whether the individual people chose to move from one mill to another, one location to another, was a matter of their own choice.

Q. Can you tell us whether the mill and the finishing plant are located near one another? A. What was the question.

Q. Is the particular mill you are speaking of and the finishing plant located near one another? A. They are about 60 or 70 miles apart, something like that.

Q. You state that you show this figure to be a reduction in personnel where it is read, and it is to be subtracted from net separations; and where it is a—where it is black, there has been an increase.

In other words some mills had reduced their personnel but others had increased? A. Yes, sir.

Q. You note from the exhibit that the colors do not come through on the exhibit. With the figures is there any way [2331] what the difference in figures are from this exhibit? A. You might by the department of color, but not with assurance.

Q. All right.

Now, you continue: "The improvement, after allowing for personnel reduction, has been particularly marked at—". then you name Darlington, Gaffney, Monarch group.

Pacolet group, all rayon mills, and Hatch. You state that the only "mills continuing with a figure over 20 percent net separations"—then you name some 7 finishing companies.

Can you tell us what the 20 percent figure means? A. The treasurers had more or less agreed—there was nothing formal about it, but they had more or less agreed. That 20 percent was a reasonably good rate of turnover.

Q. Was that a goal to be shot at? A. Not really. It was just a rough guide.

Q. All right. A. Let us say they felt that if they were much over 20 percent they were not doing very well. But quite a number of them for years have been much below that.

Q. Now, can you tell us whether you suggested the figure of 20 percent? A. I can tell you. I did not.

Q. Who did, sir? A. I believe it originated with one of the—with a man at the time who was treasurer of the woolen group. But I [2332] wouldn't swear to that.

Q. All right.

As to the figure being adopted by the mill treasurers, did you support that figure as a reasonable goal? A. It wasn't for me to support or not to, Mr. Dyer.

Q. All right.

Did you give any advice or information on that to the Treasurers? A. I agreed it made good sense, yes, sir.

Q. Turning to the back page of General Counsel's J-1, you gave cotton mills, woolen mills. You give total figures.

Mr. Dyer: I did not mean page 1. I mean the second page, the attached page. The fold-out page.

Q. (By Mr. Dyer) There are totals given for the mills as to groups? A. Yes, sir.

Q. And the figure for the cotton mills as a percentage of net separations is listed at 18.5. That would be in the sixth column to the right; is that right? A. Yes, sir.

Q. Can you explain a note under the rayon mills? Under the same column you have some figures and then a letter after the "A". Likewise under the woolen mills you have some figures, again in the same column with the designation "B" after it. Can you explain what those are? [2333] A. What the letters signify?

Q. Yes. A. In the first paragraph of the letter we say seven mills marked "A" show an increase——

Q. Excuse me. Is that the reference? A. Yes, sir.

Q. Pardon me. I didn't connect those two? A. Yes, sir.

Q. Turning to General Counsel's J-2——

Trial Examiner: I think Exhibits J-1 and J-2 were described on the record as you spoke of as attachments.

Mr. Dyer: Excuse me. The page was folded over.

Trial Examiner: I thought so too at the time. I wanted to mention this so that anyone who reviews the record won't be looking for something else and thinks something is missing.

Mr. Dyer: That is right. And it is actually a double page.

Trial Examiner: In other words it is a single attachment.

Mr. Dyer: Yes, sir.

Trial Examiner: I sympathize with anybody who hasn't read the case and looks for something that doesn't exist.

Q. (By Mr. Dyer) Turning to General Counsel's J-2, the memorandum page, you state that the 1954 report showed a 23.8 percent net separations. The exclusion of Lockwood [2334] Duchess adjusts this 22 percent."

When you say "—when you exclude Lockwood Duchess—", is that on the basis that Lockwood Duchess had been liquidated? A. They had ceased operation in the course of 1955, yes.

Q. In the second paragraph you state: "1955 is virtually the same at 22.3 percent. But actually there has been some retrogression since there was only a 3.3 percent net reduction in personnel in 1955 compared to the 8.1 percent in 1954."

Could you explain that for us a bit? A. Well, with a large reduction of personnel, as I explained earlier, you must have a separation of at least that number. Therefore, the larger the reduction in personnel, the larger the tendency for a high figure of total separations.

In 1955, there was a smaller reduction in personnel which left an easier job to hold down the separations.

Q. You talk about total separations. But isn't this designed to show net separations? A. Yes. Recalling that the net excludes the returns to school and military service, which are not controllable; or at least the treasurers considered them not controllable.

Q. Now, you continue in the memorandum in the third paragraph stating "1955 performance was rather mixed—11 mills showing improvements when all facts are considered, the other 15 being somewhat worse. Three mills marked "A-A" show an improvement in the net separations and their improvement [2335] is real after taking account of the personnel reduction in the two years.

Eight mills marked "A" show an increase in the percentage in net separations but this is accounted for by an increase in the personnel reductions.

"Another point of significance is that 12 mills marked 'X' show more than 20 percent net separations less personnel reduction. These are the mills which appear to have more to work on, and we perhaps should be concerned that this number 12 compares with only 6 for 1954, after eliminating Lockwood."

Now, in pointing to the 12 mills, can you identify what the problem was at those 12 mills which you say they have to work on? A. No, I can't identify the problem, sir.

Q. Well, generally what is the problem? Is that that they are having too many separations without enough consequent reduction in the number of personnel? A. No. It is merely that their separations percentage was high; and since they were trying to get it lower, they had work to do.

Q. All right.

Now, did you offer them assistance in that work, sir? A. Yes. And sometimes they accepted the offer.

Q. All right. And what type of assistance would you offer them in that regard? [2336] A. Suggesting that they from experience elsewhere and with other mills—suggesting that they try to transfer workers from one department to another within the mill instead of, as they so often did, laying off some workers in one department, where the personnel was being reduced because of change of styling or something of that sort, while at the same time hiring people from outside in another department. And pointing out ways and means which I had seen used elsewhere whereby they could transfer people out of one department by making—by shifting several jobs—making several changes

possible by shifting one person from the spinning department to the weaving department, thereby avoiding displacing people so they could provide greater job continuity.

* * *

[2337] Trial Examiner: General Counsel's J-3 is received.

* * *

Q. (By Mr. Dyer) Mr. Smith, can you tell us what you mean by "overhead labor"? A. The term was coined by someone in the organization to describe the labor which—salaried labor and certain hourly paid labor jobs which tend to remain fixed regardless of the volume of production.

Q. All right. And you state "The attached report shows that actual personnel continues to increase by slightly more than warranted by the increase in style variety, installed equipment, and volume."

Can you tell us how you arrived at this conclusion? [2338] A. This is an extremely difficult class of labor to measure. And the mill treasurers felt themselves extremely fortunate in being able to have comparative information from other similar mills to help them in dealing with their own mill problems: And we tried to develop yardsticks by comparison of the figures from the different mills to measure the, shall we say, comparable cost of these items.

And using these yardsticks very rough, we would arrive at the conclusions the best we could. And from that comparative measurement we would arrive at an opinion of this nature.

Q. Well, in getting to this ultimate conclusion, the information you would have to have would be what the style variety was at each of the mills; is that right? A. Yes. Certain information of that nature.

Q. You would have also to know what the installed equipment was and what the volume each mill was producing was? A. Yes, sir. In broad terms, yes, sir.

Q. All that information was supplied to you by the mills shown on the fold-out page? A. Yes.

Q. And this includes all of the cotton mills, does it not? A. That is right. Many trade associations in the country accumulate information.

Q. You list on the record—well let me ask first: This memorandum page, the figures given under the various [2339] categories of supervision, i.e., and lab, and office, are those the—well you also list another one "hourly."

What is "Comparable hourly."? A. Well, it is the hourly paid jobs in this category which are considered to be comparable. You will note below there are a few—there are two categories which we set out separately because they are not considered to be comparable. The mill situations were so radically different in those respects that there seemed to be no basis of comparison.

Trial Examiner: Where does that "comparable hourly" appear?

The Witness: It is in the legend on the first page.

Mr. Dyer: The legend on the first page, sir.

Trial Examiner: Thank you.

Q. (By Mr. Dyer) Well does this embrace the supervisory personnel who would go into the overhead?

Or would "comparable hourly" mean the hourly supervised paid people? A. No it means hourly categories of jobs as listed on the second page.

Q. Could you point out—— A. The bottom half says "Hourly overhead labor".

Q. Hourly overhead labor would be those jobs shown on the second page? A. About 15 types of jobs, yes.

[2340] Q. All right. And the first column of figures—excuse me. The first group of figures on page 1, the memorandum page, is the summary of all of the mills; is that right? A. Yes, sir.

Q. And in this you show——

Mr. Updike: Summary of all the mills reported——.

Mr. Dyer: On page 2?

Mr. Updike: Yes, on the extension sheet.

Mr. Dyer: Yes.

Q. (By Mr. Dyer) Now you show current—maybe I had better have you explain what these figures are.

First you have "Actual"? A. That is the actual number of people that they had on those jobs.

Q. And then you show "Current over and under." A. "Over" meaning the number by which the actual exceeded the comparative figures or the bench mark figure at the individual mill; or "Under" would be under that.

Q. Well, you say "bench mark figure." Do you mean by that a goal which has been set for each of the mills? A. Well a comparable level of cost as nearly as we could determine it. It wasn't a goal. It was merely some sort of a comparable level of cost.

Q. Well, was one established for each mill and then one for a group total? [2341] A. We established as best we could a formula, if you will, which said—for example, let's take the general office; you might have one accountant required for the mill for the general accounting records, and

then so many clerks per thousand invoices issued, and so many per thousand orders received, and so on.

And then by counting up the orders and invoices and a few other things of that sort at a mill, then you apply that formula and say according to this formula you would have required so many people. And against that you had so many actual. And if you apply that same formula to the different mills, then you would see how much each one stands compared to that formula.

As I explained we all knew it was very rough, but it was some attempt to profit—it was an attempt for each treasurer to profit by the experience of his fellow treasurers. If one man was living up to that formula—I say living up to it—if one man was exactly incurring that formula and somebody else was 20 percent over, well the man that was 20 percent over would feel that probably he had a chance to make some reduction there to get as good a level as somebody else was actually doing. We felt it had some practical benefit to him. That he could probably learn by the other's experience.

Q. All right.

[2342] You mention two other sub-categories which show on this memorandum page: "Special Order."

What would that encompass? A. Well, if they were rearranging or moving a weave room, for example, that is abnormal to the mill's regular operations, then they would have a large number of people required for a short period to do that special order as they call it.

Q. "Large Village" refers to what? A. At that time a few of the mills owned large villages, which was quite general in the textile industry. And most of the mills had few houses, if any. But a few had large villages. And

they had some labor working on keeping the streets clean and repairing them.

Q. All right.

Now, the third column in this first group says "Including December versus 11-30-54. A. Increase or decrease?

Q. Oh, increase or decrease, excuse me. Versus a prior time; is that the idea? A. Versus the last previous report.

Q. All right. And then can you explain the next one. The next one is "Increase or Decrease due to."

And then you show "Actual Personnel." A. Well, the increase in that actual personnel is where the increase was due to an increase in the actual number of [2343] people employed.

And then the other column "Competitive Basis", as we call it was a result of a change either in the style variety or the installed equipment which changed the bench mark figure at the individual mill.

Q. Now, the last group of figures you have a heading; "The overall position of the mill is—" and then you give the mills with their various figures; is that right? A. Yes, sir.

Q. Now, can you tell us——

You show a group total for some six mills. Can you tell us what those six mills are? A. Lockhart, Monarch, Otteray, three plants of the Monarch Mills Corporation, of one corporation. We had a sub-total there. Gainesville, New Holland and Pacolet are three mills of the Pacolet Manufacturing Company, and we have a total.

In each of those cases one man was Treasurer over the three mills. But he had his individual mill superintendents or managers.

* * *

[2344] Trial Examiner: General Counsel's J-4 is received.

* * *

Q. (By Mr. Dyer) Mr. Smith, can you tell us who Mr. Barrett is? A. He was the Cost Accountant at Darlington Manufacturing Company employed by them.

Q. I note that the subject of this is labor complement. This of course means the number of people in the labor force at Darlington; is that right? A. Yes, sir.

Q. Now, in this first paragraph, Mr. Barrett states "In discussing our labor complement yesterday—".

Was that in a discussion with you or the personnel at the mill? A. I don't recall. From context, I take it it is purely the mill personnel.

Q. That "It was noticed that the personnel assigned to the sweeping task has been increased over previous reports, particularly in our carding and spinning departments."

The reports he speaks of were reports made to you, sir?

[2345] Q. (By Mr. Dyer) Is that right? A. Yes. The reports which are the basis for this.

Q. How often are those reports made, sir? A. There were no set dates. Generally three or four times a year.

Q. He continues: "In talking with Mr. Goodwin concerning these cleaners, it is understood that the increased number have been added on a semi-temporary basis in an effort to return the mill to a cleaner basis during the present period of major machinery changes in the mentioned departments."

Can you tell us: The report indicated as such in this, would those have reference to the overhead labor report? A. It would be the information they sent to us for preparation of this, yes, sir.

* * *

[2346] Trial Examiner: General Counsel's J-5 is received.

* * *

Q. (By Mr. Dyer) Now the subject of this memorandum is stated as "Overtime Premium". Your first paragraph says: "We recently asked all mills to report on overtime practice in connection with holidays."

Then you say: "This can be summarized as follows:" In what connection was this request for information made of [2347] the mills? A. Some individual Treasurer or Treasurers—I don't recall the specific individuals—become interested in this problem at his own mill; he asked me if I knew what the other mills did, and I said I didn't; and he asked me if I would collect the information. And several others were interested in it.

Q. All right. A. It was no repetitive report, but merely a collection of information.

Q. In this you set out the practice for all the mills on payment of overtime premium? A. No, sir.

Q. Excuse me? A. I didn't set out a practice. I reported what the individual mill did.

Q. When I said "set out the practice," I mean you set out in this memorandum the information that was sent to you? A. Yes, sir.

Q. In other words this is a summary of that information? A. Yes, sir.

* * *

[2349] Trial Examiner: General Counsel's J-6 is received.

* * *

Q. (By Mr. Dyer) Now according to the first paragraph of this memorandum—well let me state this first.

The subject is stated as "Pay for college trainees and for supervisors not on salary."

You then start the first paragraph "Some time ago I was asked to determine the legally permissible methods of payment for these employees which provide minimum guaranteed weekly income, which hold additional payments for overtime work as low as possible, and which do not require inclusion of these employees in the retirement plans."

When you refer to "plans", what other plans are there besides the Deering-Milliken Mill's Retirement Plan? A. Well, the service corporation employees are in—well I don't recall which plan; but I don't believe they are in the same plan as the mills. I know there are more than one plan and I don't know the details of it.

* * *

[2350] Mr. Updike: It is my understanding of the facts, sir, that although each mill and each separate corporation approves separately the particular benefits applicable to the people in that corporation, for the purposes of investment the plan has the overall designation of "Deering, Milliken Mills Retirement Plan."

Trial Examiner: You say for purpose of investment?

Mr. Updike: Yes, sir. In other words the payments are all made to one trustee who does the investing of the monies.

Mr. Updike: For completeness, I add that Deering, Milliken Research Corporation has a wholly separate plan that does not fall under the general designation that I just stated on the record. And that likewise Deering, Milliken and Company,

Inc. has a wholly separate retirement plan, each with a separate trustee.

Mr. Dyer: Thank you, sir.

Trial Examiner: Now that statement is accepted as a fact for all purposes, then?

Mr. Dyer: Basically I would say yes, sir. The only question I may raise is as to whether the mills themselves operate in a more or less uniform basis in regard to this plan.

In other words, that the benefits which are set up at the various mills and approved by the various mills under [2351] these plans, most if not all of them go along and approve practically the same benefits.

Q. (By Mr. Dyer) Now to get back to this paragraph, Mr. Smith, can you tell us who asked you to determine the legally permissible methods? A. Some one of the treasurers. I can't recall which one. Maybe several treasurers.

Q. Do you thereafter set forth a summary of the available plans which can be used by the mills to achieve the end you mentioned? A. As best I could learn them.

Q. Following this first memorandum is there a fully —is there a full discussion of each of the plans on the four pages attached? A. Yes, sir.

* * *

Trial Examiner: General Counsel's J-7 is received.

* * *

[2352] Q. (By Mr. Dyer) Now, Mr. Smith, this memorandum is entitled "Fixer Section Supplies Report, Cotton, 12 weeks to 11-30-55."

Was this report, or similar reports to this, gotten out on the basis of every quarter? A. Roughly, yes.

* * *

[2353] Q. Was it something that had been decided upon to be done [2354] as a recurring thing by your department? A. Well, the Treasurers of these several mills had decided they wanted this comparative information prepared several years previously. And they would occasionally reconsider to decide whether they still wanted to have it prepared or discontinued.

In fact not long after this, it was discontinued.

Q. You say "several". It is addressed to Cotton Mill Treasurers? A. Yes, sir.

Q. Were all of the cotton mill treasurers in on this report? A. Yes, sir.

Q. And they also submitted information from which you got out the report? A. Yes, sir.

One of them was a late-comer to it; he hadn't been in from the beginning.

Q. Now, can you tell us what the purpose of this report is? A. Yes, sir.

The purpose is to get as much—for each treasurer to get as much help as he could to help him and his superintendents and supervisors to control and reduce this major item of cost.

We would get information for them from outside—from any possible sources as well as these comparable mills.

[2355] Q. You talk about cost. Is this memorandum addressed specifically to fixer section supplies?

This memorandum, I take it, is addressed specifically to the cost which would be incurred for fixer supplies? A. That is correct, yes, sir.

Q. Can you tell us what you mean by "fixer's supplies"? A. These are the supplies used in the weave room by, and largely under the control of, the loom fixers.

* * * *

[2356] Q. Now you also show a line as "goal". What is that? A. That was purely a bench mark figure, a synthetic figure, built up from the best figures attained by the individual mills in the past.

Q. Excuse me. I am sorry I didn't get that. A. It was a synthetic figure built up from the selected best attainments of the individual mills in the past.

Q. In other words that was your figure, was it? A. Yes, sir.

That is I assembled the data for it.

Q. All right. And this is a summary of all of the cotton showing where they were in relation to the general mill objective and to the goal; is that right; this particular chart on the first page? A. I don't think it would be accurate to say the general mill objective. More correctly the total of the individual mill objectives.

Q. The total of the individual mill objectives as divided by the number of mills gives you this mill objective; is that right? A. Well as a percentage figure it is essentially correct, yes.

Q. All right, now. In the paragraph below this chart, it is stated "It remains to be seen whether this was a temporary [2357] increase brought about by the preventive maintenance program and from which future large gains will result."

Q. Did your department have anything to do with the preventive maintenance program? A. No, sir.

* * *

Q. (By Mr. Dyer) Was there a preventive maintenance program being installed at all mills?

Mr. Updike: You mean all cotton mills? This is confined to cotton mills.

[2358] Q. (By Mr. Dyer) Let's limit it first to cotton mills? A. I think each treasurer had set up a preventive maintenance program at each mill.

* * *

[2359] Q. Now all this information was sent to you by each of the mills, is that right? A. The underlying information, yes, sir.

* * *

[2360] Q. (By Mr. Dyer) What mill did not report these figures? A. At this time all of the purely cotton mills reported. But the Lockwood Mill only started reporting relatively recently. They didn't initially.

* * *

[2361] Trial Examiner: General Counsel's J-8 is received.

* * *

Q. (By Mr. Dyer)

* * *

[2362] The average you speak of of 45 percent in that second paragraph, what does that have reference to? A. The average percentage for the total of all nine mills.

* * *

[2364] Mr. Dyer: I am trying to change it to the fact that: Did each mill treasurer say he would like to install such a standard cost program at each of the mills?

The Witness: Each mill treasurer did say so, yes, sir.

Mr. Updike: If he didn't have one already.

The Witness: Yes, if he didn't have one already, that is right.

* * *

Trial Examiner: General Counsel's J-9 is received.

* * *

[2365] Q. (By Mr. Dyer) Mr. Smith, is this a letter written by you after the Treasurers had agreed to install such a program in their mills? A. This is a letter written by me after each of the individual treasurers had indicated that he intended to install the type of cost system we recommend.

Q. You start off "I am ashamed that I lost the thread of my thoughts yesterday and failed to include two things I most particularly wanted to say."

Was this a private discussion between you and Mr. Milliken, or what? A. No. This is when I was—this refers to the meeting the day before when I had talked to the several treasurers and other gentlemen about this recommended cost system.

Q. Was that a quarterly treasurer's meeting? A. No. It was an ad hoc meeting to discuss this particular subject.

* * *

Q. Was the meeting called specifically for the purpose of discussing the standard cost program? A. Yes, sir.

Q. In your next paragraph reads: "I have to be thankful to Bob Edwards."

Tell us who Bob Edwards is? [2366] A. He was the treasurer of Abbeville Mills.

Q. Did Abbeville Mills have a cost program? A. Yes, sir.

Q. "For his initial interest and unwavering confidence in the fundamental value of this type of management tool and in my ability effectively to adapt it to the special circumstances of the various Deering, Milliken Mills."

In other words Mr. Edwards was the first one to take up a suggestion from you that a cost program should be installed? A. Essentially that, yes, sir.

Q. You go on:

"Probably if you know that Bob Edwards built the Johnston and McCormack cost system strong enough to emerge from a period of great abuse as useful tools for George Asnip and Ted Rice. And Ted, not a cost man at the time, was able to do such valuable work at Gerrish Milliken and then carry this on in the worsted group because he could refer to Abbeville as a practical example."

In other words, the idea of the cost program, once you got someone interested, spread to other mills; is that right? A. Very slowly, yes, sir.

Mr. Updike: Let's say spread to some of the other mills.

The Witness: It took six years to get it to spread very much.

* * *

[2369] Would you turn your attention to General Counsel's J-11. This is a reply from Mr. Oeland to you concerning some of the information in your letter, is that correct? A. Yes, sir.

Q. Mr Oeland states he appreciates your letter. And in the second paragraph he stated: "We are very anxious to work with you on the proper timing of this change. [2370] We have Mr. C. L. Watford who presently is handling our accounting here who feels that he could take on some additional duties. Previous to his being placed, in charge of the accounting, he worked with Mr. Barrett on cost and knows something about this work. It is my opinion that if we could secure a competent girl capable of doing stenographic work, that we would be better strengthened in our organization than if we hired an additional man. This person could take off of Mr. Watford the paying of all invoices and could keep most of the routine books. Mr. Watford in turn can take over the responsibilities Mr. Barrett is handling on cost. This would free Don Barrett to work with your department in installing the new program."

Did you discuss further with Mr. Oeland the arrangement he suggests in regard to personnel. A. I can't say positively. But probably, yes.

Q. Well do you know whether any conclusion was reached? Was any reached as to how the personnel situation with regard to cost would be handled? A. I don't recall exactly what was done. I don't believe, however, that anybody was hired.

Q. Well let me ask if this is correct: Before installation of the cost program in Darlington could be started with a man from your department, Darlington was liquidated? Is that correct? A. Yes. A very small start was made prior to that.

[2372] Q. Now, did other mills make similar requests such as Mr. Oeland made concerning what the cost would

be in installing the program as far as personnelwise, as to your part of the program? A. Quite a few did, yes, sir.

Q. And did you give them information such as you gave Mr. Oeland as to what probable costs would be? A. Yes, sir.

Q. Now in line with setting up this program, was it necessary to redefine the organizational set up at the various mills?

In other words a table or organization?

Was it necessary where personnel would be added to set up a new table of organization at the mills? A. In some mills it appeared desirable to recommend that they make some rearrangement in their organization for doing this job effectively.

Q. Turning to General Counsel's J-12.

In the fifth paragraph on the first page, you state:

[2373] "While we are marking time, so to speak, waiting for the availability of qualified men, I will be working on certain forms and procedures which will be basic to the installations at all mills and likewise on certain policy decisions and will transmit these to your mill by the proper means as rapidly as they become completed. It is probable that the most satisfactory method will be to have a small meeting of representatives from the mills which will next take up the program."

Did you proceed to work out certain forms that would be necessary? A. Some, yes, sir.

* * *

[2374] Now, in the final paragraph on the second page you state: "In summary it appears it will be two to three months before we can start any active work on this standard cost program at your mill. I believe, however, that we will

be able to complete our part of the installation program by the date all engineered standards become available."

Now, the engineered standards were to be measurements of all the jobs at a particular mill; is that right? A. Yes. All the jobs and likewise standards of waste percentage and of size material required; all the costs and standards.

* * * *

[2375] Q. (By Mr. Dyer) Turning to General Counsel's J-13, this is Mr. Oeland's reply to your letter of July 13; is that right? A. Yes, sir.

* * *

[2377] Did you reply to Mr. Oeland as to which way he should go? A. I recall rather vaguely that we were able to make some recommendations to them to enable them to make some sort of a start.

Mr. Hawkins and Mr. Barrett had got some sort of start in setting some rough standards and collecting some initial information.

* * *

Mr. Dyer: Mr. Examiner, I now offer in evidence what has been marked General Counsel's J-14, being a memorandum to quite a few people, from Mr. Sterling L. Smith, subject, Standard Cost Installation Program.

It would appear that the memorandum is addressed initially to—I will ask Mr. Smith to correct me—to [2378] the cost men at the various mills, with copies going to the mill treasurers and superintendents, to several persons at Deering, Milliken Service Corporation, to Mr. E. F. Flanigan. Would that be at Deering, Milliken and Company, Inc.?

The Witness: Well that is his location. But it is to him in his capacity as controller of Excelsior Mills because he kept the books for Excelsior-Clemson.

Mr. Dyer: Also copies to Minot K. Milliken and Roger Milliken and other men of the service corporation dated August 21, 1956, subject "Standard Cost Installation Program."

Trial Examiner: General Counsel's J-14 is received.

* * * *

Q. (By Mr. Dyer) Now, Mr. Smith, would this be a true statement; that during 1956 you had a number of inquiries from the various mill treasurers as to how the system should work? A. Yes, sir.

Q. And was this memorandum of yours designed to give them a—to give them some more information as to how it should work? A. Yes, sir.

Q. In the first paragraph at the bottom of the first paragraph you speak of other members of the organization. What do you mean by "members of the organization"? [2379] A. I don't know what I precisely had in mind at the time. But I am thinking about in talking to a man at each mill that other people at that individual mill who would be interested in it.

Trial Examiner: Where is this?

What paragraph?

Mr. Dyer: The bottom of the first paragraph.

Trial Examiner: Yes I see it. Thank you.

The Witness: That is, I am thinking about, for example Don Barrett, in starting to discuss this thing with Mr. Oeland and the overseers, and each one of these men the same way.

Q. (By Mr. Dyer) In other words by "the organization" you mean all the mills, as well as some personnel——

Mr. Updike: No, each of the mills.

The Witness: I am thinking in terms of each of the mills.

In other words, it is a problem of addressing them, how you are talking to these fellows.

* * *

[2386] Trial Examiner: General Counsel's J-16 will be received.

* * *

[2387] A. Some time in 1950, some one of the treasurers became concerned about the high cost of his unemployment compensation insurance and asked me to dig into the matter as a problem of cost reduction.

Q. Let me point you to the last sentence in the fourth paragraph. "But our costs have risen to almost five times this figure—"—referring to the previous amount—"—approaching the high cost in 1949; which alarmed us and started us working on this problem." A. Yes.

[2388] Q. Was that the thing that got you started into it first, the high cost of 1949? A. Yes. Some of the treasurers saw that and were concerned about it and we wanted to see what we could do in reducing that cost.

* * *

Q. All right. Would you receive reports from each of the mills as to the amounts—as to the numbers of people being separated? A. Yes, sir.

Q. You would also receive from the mill a report whenever anyone was separated, claimed, and got unemployment insurance? A. No, sir.

Q. How would you get that information? A. Once a quarter I got a summary report of the total claims made and claims allowed from each mill with some classification.

Q. And this report is on a six-months basis, is that right? [2389] A. It has been pretty much quarterly. It may have been reduced to a six-monthly basis by now.

Q. And from getting those figures from the mill, would you project what the total cost of all mills would be for a particular period? A. Well, obviously from this letter I didn't do so. But primarily I made an estimate from the figures from the individual mills. The total projection was adding up the totals of the individual mills.

> Mr. Updike: In answer to your question would you do thus and so, do I understand that in this instance he did do that?
>
> Mr. Dyer: I think that is what the witness testified to.

* * *

[2390] "There is a strong indication that not all of the 1954 high cost is due to the personnel reductions. It seems that there has been a serious loss of our effectiveness in dealing with this situation."

Q. Can you tell us in particular what this latter sentence means? A. Well, apparently from my analysis of the figures at that time, I concluded at specific mills and specific cases that they were not doing as well as they had done previously in such things as transferring employees from one department to another within the same mill as I described this morning, and that type of thing.

Q. Now the figure so far referred to of $345,000 in the [2391] first paragraph and $40,000 to $70,000 as stated in the fourth paragraph, are those total figures for all mills? A. Those are total figures for all the mills in South Carolina.

* * *

[2392] Q. Now the second page is that of a breakdown by mill as to the probable cost as a percentage of the taxable payroll of each of those mills. A. Were you asking me, sir?

Q. Yes. A. Yes, sir, that is correct.

* * * *

[2395] Q. (By Mr. Dyer) Now, Mr. Smith, in the first memorandum, General Counsel's J-17, reference is made to Henry Sloan's bulletin. Henry Sloan is an independent expert in the field of unemployment compensation, is he not? A. Independent consultant on all sorts of wage and hours problems.

Q. All right. Did you receive bulletins from Mr. Sloan? A. No, I did not.

Q. Now, in this memorandum you referred to John Cauthens getting up some estimates. And you state that you think his estimates are probably about correct. And you state further that as soon as you have received Mr. Cauthens' bulletin and have had a chance to digest it, you will write further with specific suggestions. You next state "At this time you [2396] might alert your personnel departments to have in good shape the files on each terminated employee who drew benefits. They will particularly want to have the records of past earnings by quarter as the new law provides the duration of benefits may vary from ten weeks to 22 weeks depending upon the qualified earnings. I don't have the formula yet."

When you say they will want to have the records of past earnings, are you referring to the personnel departments? A. Yes, sir.

Q. Turning to the General Counsel's J-18, are these your specific comments to the various parts of the outlined legislation? A. Yes, sir.

Q. Was there any discussion after your memorandum went to these various mill treasurers and Mr. Roger Milliken concerning this memorandum? A. Yes, sir.

* * *

[2398] Q. Now on the front page of General Counsel's J-17 and General Counsel's J-18 I see handwritten notations. On General Counsel's J-17 there is a notation, "Miss MacFarland: Show this to Mr. Elliott to get his reaction."

[2399] The first one is signed JMO.

The second one says "Miss MacFarland: Show this to Mr. Elliott and get his reaction." Signed JMO.

Who is Mr. Elliott? A. He is an independent consultant on this type of subject.

Q. Did you have any contact with Mr. Elliott on that topic? A. At the instructions of one of the Treasurers who hired Mr. Elliott I did meet with Mr. Elliott and discuss some of these matters. Whether it was at this time in connection with this bill I do not recall.

Q. Do you know whether Mr. Elliott took any action with regard to the legislature after your discussions with him? A. I do not recall, sir.

Q. Now, can you tell us who asked you to review and analyze this law? A. To the best of my recollection, the personnel manager of Judson Mill, to which my office is physically attached, brought Mr. Cauthens' letter to me

and said he and his boss, his treasurer, would like my comments on that.

Q. None of the other treasurers asked you for comments on it? A. I think before I completed the analysis of it, I had telephone calls from one other personnel manager and two [2400] treasurers.

Q. But you sent your memorandum to all of them so they would all be informed as to what you had developed? A. Yes, sir. I would guess that probably one of the treasurers would guess it was something he thought the other treasurers would be interested in.

* * *

Mr. Dyer: Mark this General Counsel's J-19.

* * *

Q. (By Mr. Dyer) Did you receive a copy of John Cauthens' letter of March 7? A. Not directly. It must have been referred to me by some personnel manager or some treasurer.

Q. Would that normally be the people at Judson where your office is located? A. It could be anybody.

It could be anybody.

Q. You then undertook to write to the various people listed here and tell them that "It is my impression that we should [2401] all act on his recommendation to write the Governor, recommending Miss Faith Clayton for reappointment. I have been asked by several to mention this, as our experience in every way confirms the good things Mr. Cauthens had to say about her and the results if she is not reappointed."

Were you asked by all the treasurers to write to all the mills asking them to do that? A. I was asked by several

personnel managers acting after discussions with their treasurers. I recall those. I don't recall whether any treasurer spoke to me directly.

Q. Did some of the personnel managers ask you to write to anybody else? A. They said they had discussed the matter with their treasurers—that is, each one said he had discussed it with his boss, and that they thought it was something that should be acted on quickly. Somebody should send a general letter around. And they asked me if I would do so.

* * *

[2404] Q. And you continued to submit the unemployment compensation insurance reports thereafter on a six months basis?

To all the mills? A. Within the period we are talking about, yes, sir.

Q. Copies in each case would also go to Mr. Roger Milliken, Mr. C. G. Johnson and Mr. Lowry; is that right?

Mr. Updike: Well it speaks for itself. They are routed to them.

You said it would go to.

Mr. Dyer: What I was attempting to do Mr. Updike was to stop burdening the record. I was just asking the question if reports during this period went, as a rule, in addition to the Treasurers, managers and superintendents, to the personnel manager, Mr. Roger Milliken, Mr. C. G. Johnson and Mr. K. M. Lowry.

* * *

[2405] Q. (By Mr. Dyer) Mr. Smith, do you regularly attend the quarterly treasurers' meetings? A. I am regularly invited to attend what treasurers' meetings there are.

Q. I am sorry I couldn't hear all the answer? A. I say I am invited to attend the treasurers' meetings, so-called, that there are, whether they are quarterly or less frequent.

Q. And do you attend those meetings? A. Almost always, yes, sir.

* * *

[2406] Trial Examiner: General Counsel's J-23 is received in evidence.

* * *

Q. (By Mr. Dyer) Mr. Smith what is a competitive recheck? A. Competitive recheck is examination of cloth after it has been packed, inspected and packed. And competitive means the recheck of competitor's goods which are bought in the open market.

Q. All right. Who performs the recheck operation? A. For the cotton mills a department located at Pacolet Mills, South Carolina.

Q. Does that perform recheck operation for all the D-M Cotton Mills? A. At that time for all the carded cotton mills, yes, sir.

[2407] Q. Was there another recheck operation for all combed cotton? A. For combed on synthetic goods at Judson Mills.

Q. Now at Pacolet Mill, was that a division of D-M, South Carolina, by any chance? A. No, sir.

Q. It was just a division of Pacolet Manufacturing Company? A. Yes, sir.

Q. On what basis would goods be sent there for recheck? A. Are you referring to competitive goods?

Q. In other words samples of the cloth made by each of the D-M Mills, carded mills, would be sent there.

On what basis were they sent there? A. Each mill treasurer would decide what goods he wanted to have rechecked both as to the constructions to be rechecked and the frequency of the recheck and would instruct his mills to send quantities of goods to the recheck department. Normally he would establish a regular schedule which he would change from time to time.

Q. And what was rechecked? Was it lab work? A. Sir?

Q. Was this lab work as such or what? A. Mostly a repetition of the cloth inspection. Some lab work was also done.

Q. All right. Now as to competitive recheck, would that [2408] be cloth from outside competition? A. That is correct.

* * *

Q. Now, would the mills themselves buy these outside goods? A. The mills would instruct the sales department to buy the goods for their accounts using me as a means of transmitting the information.

Q. All right.

[2409] When you speak of the sales department are you speaking of the sales department of Deering, Milliken and Company, Inc.? A. The sales department—the particular sales department at Deering, Milliken and Company which served them, yes.

Q. All right.

Now when the goods were shipped to recheck department and they were tested, the results of the test would be made known to the mills on this competition cloth. A. To the mills making that construction; yes, sir.

Q. All right.

And what would be done with the cloth thereafter? A. It would be shipped to the mill which had ordered its purchase and was paying for the cloth.

* * *

[2410] Mr. Dyer: Mark this General Counsel's J-24.

(The document above-referred to was marked General Counsel's Exhibit J-24 for identification)

Trial Examiner: I think you have told us that the mills asked for this cloth.

The Witness: Yes, they ordered it particularly.

Mr. Dyer: Mark this General Counsel's J-25.

* * *

[2412] Trial Examiner: General Counsel's J-24 and J-25 are received in evidence.

* * *

[2413] Q. Now, from this it would appear that the sales department was the one who was purchasing the goods for each mill? A. The sales department actually placed the orders as instructed by the treasurers.

* * *

[2415] Trial Examiner: Let me direct your attention to General Counsel's J-24, the first sentence. That sentence speaks of the schedule proposed by the sales department. That is just one other thing that I don't understand.

"I understood you to say that the mill treasurers tell the sales department what they want. Now what is this proposal by the sales department?

The Witness: The mill treasurer would—each mill [2416] treasurer would say broadly what he would like to have in the way of competitive recheck. And then I would collect that information and take or send it to the sales department. The sales department——

Trial Examiner: The sales department would make the specific proposals within the broad request; is that right?

The Witness: That is right. Some of which are hard to get. And they would suggest modification.

* * *

[2419] Mr. Dyer: Mr. Examiner, I now offer what has been marked General Counsel's J-27 being a memorandum addressed to mill treasurers from Mr. Smith, subject "State Taxes on Life Insurance," dated March 11, 1955.

* * *

[2420] None of the treasurers had been in touch with you with regard to this? A. No, sir.

Q. Can you tell us how the expense of the recheck department was born? [2421] A. A charge of so much per yard is made for goods rechecked.

Q. That charge goes to the individual mill? A. Yes.

Q. And where more than one mill benefits from the particular type of cloth checked, is that charge apportioned between mills which would benefit? A. No they schedule the goods to accomplish the same objective.

Q. Now going back a minute I just notice this: In your reports that you made up on the fixer section sup-

plies, did the mills use a work sheet as such which was a printed form? A. Yes, sir.

Q. Was that printed form—— A. Pardon me. Let me amend that. Some mills did and some didn't.

Trial Examiner: What schedule are you referring to there?

Mr. Dyer: The fixer section supplies report would be General Counsel's J-8.

My question was directed to the mill use of a work sheet.

Q. (By Mr. Dyer) Was the work sheet as such some form that was devised by you? A. Some mills use such a form. Some did not.

Q. Was the form itself one that was devised by you, sir? [2422] A. I say some mill used a form devised by me and some did not.

Q. Where the mills did, was the form used one that was devised by you? A. Mr. Dyer, I tried to say simply this: That some mills did use a form devised by me and some mills used something else.

* * *

[2424] *Cross-Examination*

Q. (By Mr. Updike)

* * *

[2429] Q. Now I turn to another topic. In Exhibit J-7 you have a number of charts which include the word "goal". And, I think you stated that it was a theoretical or a synthetic, is I think the word you used, a synthetic goal? A. Yes, sir.

Q. Can you tell us how the particular goal was constructed? A. Yes, sir. If we refer to the fourth page of this exhibit——

Trial Examiner: Which is that?

The Witness: This is J-7, sir. There is a letter and then there is a large page and small page and a small page and then the next large page. The last column shows "goal". It says "Best Average 60 weeks to 10-5-51 I believe [2430] it is meant to be. The top line shows $1.23, P #5, meaning Pacolet No. 5—Pacolet Mill No. 5 for shuttles which is that top line. For those 60 weeks on the "E" looms, that type of loom had the lowest average shuttle cost. Then the next figure which is Check Straps 26 cents is "G" which was Gaffney had the lowest actual average cost. And so on. So we developed this figure synthetically from the best experience of any mill that had this individual type of loom.

It was purely some sort of thing as a guide for each treasurer.

Q. (By Mr. Updike) In other words while the goal in the aggregate was synthesized, each individual step in attaining the goal had been the subject of practical attainment at some specific mill, is that right? A. Yes, sir. These treasurers were highly competitive in their outlook. And if they could see that one treasurer had achieved something at one of his mills they felt that they probably could do likewise.

Trial Examiner: You say this is representative of some of the best experience of any mill that had what? I don't think you finished that.

The Witness: That had the same type of equipment. This first page showed the "E" model looms. And this same approach was taken on each other different type of loom operated by these cotton mills.

* * *

[2432] Q. (By Mr. Updike) Now will you please turn to the fifth paragraph of Exhibit J-12, and specifically the first sentence of that paragraph which begins with the words "While we are marking time, so to speak, waiting for the availability of qualified men, I will be working on certain [2433] forms and procedures which will be basic to the installation at all mills. And likewise on certain policies decisions."

Now, under questioning by Mr. Dyer, I believe you said that the certain forms and procedures—you were working on forms and procedures which were to be basic to the installations? A. Yes, sir.

Q. Beyond that, when you had activity with respect to this program, just what did it consist of generally? A. Well, it consisted of working with the individual mills when a mill had decided to go ahead with the program and have this cost system installed at its mill. We first had to study their existing cost and industrial engineering system to help us determine how big the job was going to be, what their personnel would be, what their available personnel was and what additional personnel they might need. Then we would map out a production schedule for installing the system.

Q. For yourselves, so to speak? A. And to guide them— well to guide the mill personnel. In other words it is exactly the same sort of job as I had done for many years in this consulting field.

Q. You mentioned Judson and Otteray? A. Yes, sir.

Q. A man named Clyde Simpson was already working with them; is that right? [2434] A. Yes, sir.

* * *

[2435] Q. (By Mr. Updike) Now the other words to which I would like to draw your attention are the ones that read: "And likewise on certain policy decisions."

What were the policy decisions that were referred to in this letter of yours to Mr. Oeland? A. Well, there would be several. One had to do with the level of the cost standards on which the product costs could be calculated.

Some treasurers would feel that they would want these tight engineered standards for the control of their operating costs from week to week but might have some different ideas to the basis that should be used for calculating their product costs. And we had to come up with a recommendation of what should be the best, the most usable basis for [2436] calculating product cost. That is one type—well when I say "policy decisions", let's say it is my making up my own mind for a recommendation to the treasurer. But of course each individual treasurer would decide what would be done at his own individual mill.

* * *

[2438] Q. And basically do I understand your testimony to be that you and your people worked with the cost people and the industrial engineering people of the staffs at the respective mills? A. Mainly such, as indicated in connection with the Unemployment Compensation. Occasionally with the personnel people. Of course with the Treasurer and the Manager.

* * *

[2442] RUSSELL HUDSON BUSH, called as a witness having been first duly sworn, was examined and testified as follows:

Trial Examiner: Your full name?

The Witness: Russell Hudson Bush.

Trial Examiner: Where do you live?

The Witness: 310 South Park Drive, Spartanburg, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Will you tell us what your connection [2443] with the engineering department is at Deering, Milliken Service Corporation? A. I am Chief Engineer.

Q. How long have you been with the Engineering Department? A. Approximately 11 years.

Q. In other words your service as an engineer antedates the founding of the Service Corporation; is that right? A. That is correct.

Q. And as an engineer prior to that time did you service the various D-M Mills? A. The mills which are now stockholder mills in the Service Corporation, yes, sir, I did.

Q. Did you have any experience in any of the various D-M Mills before assuming your post as an engineer? A. No, sir.

* * *

[2444] Q. Where is your department set-up? A. In Spartanburg, South Carolina.

Q. Now, what is the main purpose and functions of the engineering department? A. It is to have a general consulting engineering service available for the use of the stockholder mills.

Q. All right. Has the engineering department at any time serviced any other companies besides the stockholders? A. We have done a few jobs for other than stockholder mills.

Q. Who would the others be? A. At one time we did a small amount of work for W. R. Grace and Company. We did a little work for a couple of department stores.

Q. A couple of department stores? A. Yes, sir.

Q. Were those department stores in which Mr. Milliken has an interest? A. That I don't know, sir.

Q. Have you done any work for Deering, Milliken and Company? [2445] A. A small amount of work in an advisory capacity only.

Q. Can you tell us whether charges were made to these various companies for your work? A. Yes, sir.

Q. How were they based? A. Based on a per diem or an hourly rate basis.

Q. Were the Department Stores that you performed services for Mercantile Stores? A. Yes, sir.

Q. Now, you said your department does consulting engineering for these mills. What particular phases of engineering does your department cover as far as the mills are concerned?

Would that be construction? A. The building design and follow-up on construction and the design and installation of service facilities such as boiler plants, plumbing and heating, air conditioning, electrical systems, water treatment plants, sewage disposal plants; practically everything which is considered as mill buildings and service buildings.

Q. Would that also include machinery being installed at the mills? A. No. I could probably express it this way:

Probably everything in the mill exclusive of production machinery.

* * *

[2449] Q. Now you state here that you would secure the prices on the steel. How would you go about that? A. How would we go about it?

Q. Yes. A. In this particular instance I don't recall. If it is an item of material or equipment, we would give the purchasing department of the Service Corporation the necessary specification and description and the purchasing department would secure prices. If it were plan and specification of a project, the engineering department would send the plans and specifications to the contractors for bids. That is the usual procedure both for us and Deering, Milliken.

* * *

[2450] Q. I think according to the way this reads you would not be sending plans and specifications to a contractor. That would have been handled through the purchasing department. And after the purchasing department secured the prices, would they send them back to you for your analysis and recommendation to the mill? A. On this kind of project they would. In this particular instance I don't recall whether we requested—I don't recall whether the purchasing department requested the price [2451] on the steel or whether we did it directly. This is the borderline. We could have handled it either way. I don't recall which way.

Q. Who sets out which is to be which?

Is it just a matter of decision left to your department? A. Just discretion.

Q. When you say "Just discretion", you mean it is within the discretion of the engineering department, is that right? A. That is right.

* * *

Q. (By Mr. Dyer) Now in regard to Darlington Manufacturing Company, prior to the liquidation of Darlington, some work was started on the weave room, is that correct? A. That is right, sir, on a weave room extension or [2452] addition.

Q. And can you tell us how the contract is let for that? A. The building contract was let on a firm price basis with the bids being based on plans and specification. The electrical work was handled in the same manner. And the American Moistening Company installation was handled, I believe just on a single quotation basis.

Q. All right. As to the actual physical construction as distinguished from the electrical, the project was started but was called off before its completion. Do you recall that? A. That is correct.

Q. And there was a question as to how much the company should be paid for what they had—that is, the construction company—should be paid for the work that they had done? A. That is correct.

Q. And the construction company submitted to your department an invoice covering all the labor, materials, and commission, along with a job estimate of the percentage of work that they had performed. Is that right? A. That is correct.

Q. And you checked the matter over and told Darlington, Mr. Oeland, that in your opinion the invoiced amount represents a fair settlement. You did not field check the percentages before completion, but believe that they were

substantially correct and recommended that Darlington pay the amount? [2453] A. If that is in the record may I see it?

Q. I wasn't putting this in the record. I will just show it to you. This is a memorandum dated October 3, 1956.

(Document shown to the witness)

The Witness: I wrote the letter.
Trial Examiner: What is the answer?

Q. (By Mr. Dyer) Is what I stated correct, Mr. Bush? A. Yes, sir.

* * *

[2454] Q. (By Mr. Dyer) Now where a construction company or an outside company makes an installation at a mill after you have negotiated on it, do you check the completed results and give your opinion on it to the mill? A. Yes, sir.

Q. And where the bill is submitted, do you look over the bill and recommend to the mill whether it be paid or not, depending on the results of your check of the installation? A. Yes, sir.

Not in all cases, but we do it when requested to do so.

Q. Is that more or less standard that you are requested to do that? A. It is an engineering function, yes, sir.

* * *

[2456] Q. (By Mr. Dyer) Now, did the engineering department conduct meetings for plant engineers? A. We arranged the programming for the individual meetings.

Q. Was there an original meeting—I mean the first meeting at which the engineering department conducted the

program for the plant engineers of all the D-M Mills? A. Of all the stockholder mills in the service corporation.

* * *

[2457] Q. Were the meetings held on a periodic basis thereafter? A. Not on an exact calendar schedule.

Q. Well, I mean were they held approximately every six months? A. For a while they were.

Q. All right. And was the arrangement, the topics to be discussed, proposed by the engineering department? A. Most of the topics for discussion were proposed by the plant engineers.

Q. By the plant engineers? A. Yes, sir.

Q. Did the engineering department handle the make-up of the outline for the discussion? A. We arranged to tie the whole thing together into an interesting program.

Q. All right. And were reports of these meetings circulated to the various D-M Mills by the engineering department after the meetings? A. We kept minutes of most of the meetings, condensed them and sent copies to the plant engineers of the stockholder mills and in some cases copies to the management of the stockholder mills.

Q. At one of the meetings the question of the proper grounding of electrical motors was discussed. Do you recall that? A. Yes, sir.

[2458] Q. And after this discussion, a memorandum went to the various mills advising them to immediately check all of the electrical motors and equipment to make sure there was a proper ground. Do you recall sending such a memorandum out? A. Yes, sir.

Q. Now, would you receive requests for advice from the mill such as receiving a request from Darlington as

to what the proper lubricate schedules for the machinery would be? A. That is an unusual request for us to receive.

Q. Do you recall receiving such a request from Darlington? A. We did receive such a request from Darlington.

Q. What are the other types of request for advice that you received from the various mills? A. It would be too numerous to mention them. It might be advice on any engineering matter.

Q. Just broad topics?

> Trial Examiner: Well, we can say within the functions he has described. You may ask him whether there are any others.

Q. (By Mr. Dyer) Are there any others besides the framework you have laid out? A. No, sir.

* * *

[2459] Q. (By Mr. Dyer) Mr. Bush, do any of the mills—or have any of the mills requested recommendations from you for personnel that they needed such as plant engineers or maintenance men? A. I interpret that question to mean have I been asked for the names of people who might fill a position which is [2460] open in a particular mill?

Q. Yes. A. Yes, sir.

Q. And have you made such recommendations to the mills? A. On occasion I have, sir.

Q. Do you recall a time when Darlington wanted to sell some switch boxes and you were asked to set a fair price for the equipment? A. Yes, sir.

Q. Did you set a price for the equipment? A. I did not personally.

Q. Did someone in your department do so? A. I believe so.

Q. Now, does the engineering department conduct any type of tests or checks at mills?

Trial Examiner: Well you were told about some checks on construction. They approved or disapproved payment.

Mr. Dyer: Yes.

Q. (By Mr. Dyer) Are there any tests that are conducted by the engineering department at the mills? A. We would conduct a test if requested to do so.

Q. What would the nature of those tests be, sir? A. It might be such things as studying the power consumption of a motor or the efficiency of a boiler; things of that nature.

[2461] Q. Would you perform any tests in any of the mills where you would make a report which would later be circulated through the other mills?. A. If you are asking for a possible, I would say it would be possible.

* * *

[2643] *Cross Examination*

Q. (By Mr. Updike) Mr. Bush, on your examination by Mr. Dyer, you were asked whether there were some occasions when one of your stockholder mills would ask you for a recommendation with respect to an employee for plant maintenance purposes. Do you recall that? A. Yes, sir.

Q. Over a space of five years, say, ending in 1957 would you give us your recollection of how many such requests

you have received? A. It would be very few; probably in that period not over three, possibly.

Q. Did one such request come from Darlington? A. Yes, sir, it did.

* * *

[2465] Q. (By Mr. Updike) Mr. Bush, within the range of your knowledge, do the mill treasurers of your stockholder corporation hire a good many plant maintenance people from time to time? A. Yes, they would hire a considerable number.

Q. And I think you have testified that over a period of five years the inquiries coming to you for any recommendation for you was what, half a dozen? A. Well——

Trial Examiner: Three.
The Witness: I said a few.
Mr. Updike: I see.

* * *

[2466] Q. (By Mr. Updike) You were asked about an instance where you sent out a memorandum to the appropriate person at each one of your stockholder mills with reference to the grounding of electrical equipment. Do you recall that? A. Yes, sir.

Q. Would you tell Mr. Buchanan the circumstances that gave rise to the issuance of that memorandum? A. Just prior—just probably a month or so prior to the date of the memorandum, there was a fatality in a textile mill in South Carolina, I don't recall which one, which was caused by electrical shock. They found that some electrical equipment was improperly grounded. In textile mills there is a large number of electrical motors throughout the plant. So there is a potential danger to personnel.

Shortly after that fatality, one of the stockholder mills made a complete check of its grounding systems, and found that they were inadequate by test, although visually they looked perfectly acceptable.

I thought the matter of such importance to have it discussed at a plant engineer's meeting, so that the individual plant engineers could check the installations in their own [2467] mills and do something about the condition. It is purely a safety measure. And that is the reason for the memorandum in regard to electrical grounding.

Q. Now, will you state briefly on the record what the procedure is with respect to authorization for your department before you embark either on an inspection or on any particular job within the scope of your department's activities? A. Our work is initiated by a request or authorization from a treasurer of one of the stockholder mills.

And that is the regular procedure, is that right? A. Yes, sir.

* * *

ROBERT W. MCCULLOUGH called as a witness, having been first duly sworn, was [2468] examined and testified as follows:

* * *

Trial Examiner: Where do you live?

The Witness: Pendleton, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Mr. McCullough, what is your position with Deering, Milliken Research Corporation? A. I am a member of the staff there, and also Secretary of the Corporation.

Q. And who is the President of the Corporation? A. Mr. Russell Newton.

Q. Were you with the corporation when it was a trust, originally? A. Yes, sir.

* * *

[2469] Mr. Dyer: As the trust was originally set up the contributors for whose benefit the trust was to be conducted were Abbeville Mills's Corporation, the Cot-Wool Manufacturing Company, the Dallas Manufacturing Company, Deering, Milliken and Company, Inc., Drayton Mills, Dutchess Bleachery, Incorporated, Excelsior Mills, Gaffney Manufacturing Company, the Hartsville Cotton Mills, Judson Mills, Laurens Cotton Mills, Madison Company, Monarch Mills, Pacolet Manufacturing Company and Lockwood Company.

I think probably the only company that has not been identified up until now is the Dallas Manufacturing Company.

Mr. Updike: That at one time was a mill selling through Deering, Milliken and Company.

Trial Examiner: What was that statement?

Mr. Updike: That company at one time was a mill corporation selling through Deering, Milliken and Company.

[2470] Mr. Dyer: Following the set-up of the trust—the trust was set up and the various mills contributed on a basis of their——

Mr. Updike: Well it is the same fraction principle. That is, you aggregate the sales of each of the mills. You aggregate the gross income from commissions of Deering, Milliken and Company.

And that became the denominator. And the participating shares is each mill's sales as a numerator, and the total as the denominator.

Trial Examiner: They contributed to the trust in proportion to their sales through Deering, Milliken and Company?

Mr. Updike: Yes, sir.

Mr. Dyer: Deering, Milliken contributed to the trust in proportion to the commissions?

Mr. Updike: To the ratio that it is income from commission is to the same denominator.

Mr. Dyer: As originally set up, the trust had three trustees; F. G. Kingsley, Roger Milliken and G. H. Milliken.

Trial Examiner: G. H. Milliken?

Mr. Dyer: That would be Gerrish Milliken.

Mr. Updike: That was Mr. Roger Milliken's father who was then alive.

Mr. Dyer: I see.

All right.

Thereafter the trust was incorporated in 1955. is [2471] that correct, sir?

The Witness: I believe it was, sir, early in 1955.

Trial Examiner: You say the trust was incorporated?

Mr. Dyer: Yes, sir.

It had been Deering, Milliken Research Trust. And in 1955 the——

Trial Examiner: Well the——

Mr. Updike: The form of the organization was changed from that of a trust to that of a corporation in 1955.

Mr. Dyer: Yes, sir.

* * *

Mr. Updike: Well, if you want a concession on the record, at the time of the liquidation of Darlington——

[2472] Mr. Dyer: Well that was when it was a corporation. How about back before that?

Mr. Updike: Back before that?

Mr. Dyer: Yes.

Mr. Updike: At the time of the liquidation of Dallas Manufacturing Company.

Mr. Dyer: Yes.

Mr. Updike: It ceased to be a beneficiary of the trust, or participating in it, and received book value for whatever its interest had been up to that time.

Mr. Dyer: All right. And similarly when new corporations were set up which sold through Deering, Milliken—I think a number of them were set up in 1949, 1950 and 1951—did they become members of the trust?

Mr. Updike: They became members of the trust in accordance with the terms of the trust indenture.

This of course is confined to manufacturing corporations; except for Deering, Milliken and Company itself.

Mr. Dyer: All right.

When the form was changed to a corporation and Milliken Woolens was set up, Milliken Woolens came in as part of the—became a stockholder in the corporation?

Mr. Updike: That is right.

Mr. Dyer: You have set out a certain basis on which the trust contributors—I mean the corporations contributing [2473] to the trust—they used the same basis for becoming stockholders.

Mr. Updike: I understand they did, yes, sir. And I also stipulated.

Q. (By Mr. Dyer) Now, Mr. McCullough, can you give us a broad description of the purposes of the research corporation? A. Primarily to conduct research and development activities in the fields of interest to the stockholder mills, but also our activities are broad enough to include advice of a consulting nature.

Q. Well, part of the research conducted was research into machinery, various types of machinery for production equipment, improvements on machinery; is that right? A. Yes, sir.

Q. All your research is directed at production; is that right? A. I can't think of any instance where it was not.

* * *

Mr. Dyer: I offer in evidence what has been marked General Counsel's L-1 being labeled "Project Assignment" assigned to Mr. R. J. Toher, dated December 8, 1954.

* * *

[2474] Q. (By Mr. Dyer) Was Mr. Toher a member of the Research Corporation at that time? A. Yes, sir.

Trial Examiner: I wonder whether "member" is the right word?

Mr. Dyer: Excuse me.

The Witness: He was an employee of the Research Corporation.

Q. (By Mr. Dyer) What was his function in the Research Corporation? A. He was an engineer.

Q. There was a project number 952 attached and the title is "Incoming Parts Inspection, Darlington."

> "In accordance with the general program now accelerating in the Deering, Milliken mills, to inspect all purchased parts for quality of materials, accuracy of machining and general acceptability, this project is being opened to cover the work at Darlington. The first survey will be made of weave room parts, since this appears to be a major source of parts expenditures. A study of cost for the year 1953 is under way and from that survey it will be evident which parts should be worthy of first studies.
>
> [2475] "Charge all engineering time for this work to Project 952. Shop and materials for jigs, fixtures, et cetera for parts peculiar to Darlington and for tools to be used exclusively in Darlington will not be billed to this project but will be a cost directly to Darlington Manufacturing Company."

Q. (By Mr. Dyer) Can you tell us what the general program referred to is? A. It was felt by the Research Corporation that there was not enough attention being paid by the stockholder mills to whether or not the materials that were being bought by those mills were living up to the expectations and the specifications. And we were attempting to assist the mills in determining that, or getting their money's worth.

This particular project referred to the work at Darlington.

Q. Now, when you call it a project, you make a differentiation in the instructions as to how it is to be billed.

Would a project, as such, be one to be charged to all contributing members of the Research Corporation? A. Where the work that we are doing is of general nature, we carry it on funds of the Research Corporation. Where it is specific to a mill, the accounting system is set up so that the mill is billed for those activities which are of interest only to it.

[2476] Q. In the first paragraph you say "The first survey will be made of weave room parts."

Is that the survey to be made by the assigned man, Mr. Toher? A. Yes, sir.

* * *

[2478] Q. What I am trying to find out is if in addition to checking just brand new equipment whether your department as a result of Mr. Milliken's letter to you—rather to Mr. Newton—was going to check major repairs as well?

Mr. Updike: Well now as a result of a letter—I object to the form of that question. There is no causal relationship at all here.

Mr. Dyer: That is what I am asking, if there is.

The Witness: We normally didn't check repair work. But we were interested in seeing that the mills got the proper type of repair parts. I think he meant repair parts. But I have no way of knowing what Mr. Oeland meant for sure.

* * *

[2479] Trial Examiner: General Counsel's L-3 is received in evidence.

* * *

Q. (By Mr. Dyer) The subject is listed as proper installation, inspection, and protection of new machinery.

Would this memorandum from Mr. Newton—do you know whether it has some reference to the exhibit just introduced, previously introduced? A. General Counsel's L-2?

Q. Yes. A. These are all germane to the service that we were furnishing the stockholder mills of helping them take care of their machinery.

* * *

[2486] Trial Examiner: General Counsel's L-4 is received in evidence.

* * *

Q. (By Mr. Dyer) I note that the subject is stated as "Maintenance Memo No. 9, Portable Work Bench for Maintenance Men."

Prior to this time and following this time were there a series of maintenance memos issued by you? A. Yes, sir. I believe that there was eight before this. But I don't know whether there were any after this. This program is not now in effect.

Q. All right. At the time what was the program? A. I meant by the program just a minute ago the procedure sending out serially numbered maintenance memos or maintenance memos of any kind.

[2487] The Witness: Now may I have the question again?

Q. (By Mr. Dyer) This maintenance memo is supposed to have some reference to a project or program, does

it? A. To the general maintenance program in the Research Corporation.

Q. Maintenance program in the Research Corporation? A. Yes, sir.

Q. Or maintenance program that is carried on at the mills. A. Well it relates to both. But this is a particular item which we are trying to give advice to the stockholder mills as to how we think their maintenance can be improved.

Q. All right.

To get back to the original part. I am asking was this just a series of memos in regard to various concepts of maintenance? Or did it have some specific point of reference such as maintenance men? A. Each maintenance memo dealt with a specific item related to the general area of machinery maintenance.

* * *

[2489] Q. Where you talk about the maintenance man concept, what is meant by that? A. The concept of using maintenance men is different from the normal concept of machinery maintenance in textile mills.

Q. Is this in relation to a preventive maintenance program? A. Precisely. In that the maintenance men are supposed to keep the machines running; whereas, the normal maintenance procedure is to start them up after they stop for some reason. To do emergency fixing is the normal procedure. These men were supposed to do preventive fixing, to prevent the stoppage.

Q. All right. Had a program been agreed to install preventive maintenance in the various mills?

Mr. Updike: Agreed to between whom and by whom?

Q. (By Mr. Dyer) Between the treasurers or by whoever—well let me ask first: Was a program of preventive maintenance discussed at a treasurer's meeting which you attended? A. Yes.

* * *

[2490] Q. Was any such recommendation made? A. Yes, sir.

Q. By whom? A. By Mr. Newton.

* * *

[2491] Trial Examiner: General Counsel's L-5 is received.

* * *

Q. (By Mr. Dyer)

* * * *

Q. All right. Now, are the maintenance trucks referred to in this memo different from the portable maintenance men— A. It is the same thing.

* * *

Q. All right. Did you personally make an inspection at each mill? A. No, sir.

[2492] Q. Who did, sir? A. I am relying on memory now. I probably made some of them; and other members of the staff of the Research Corporation made others. I think most of these were made by one of the other men.

Q. All right. Now, are there any mills—I count 15 mills on here. Is that approximately right? A. I haven't counted them but it looks like about the right number.

Trial Examiner: Fifteen you say?

Mr. Updike: I count 15 too.

Mr. Dyer: All right.

Q. (By Mr. Dyer) Was this preventive maintenance program in effect at these 15 mills? A. Not to the same degree in all of them.

* * *

[2494] Mr. Dyer: Well I want to refer to the second sentence, sir.

Trial Examiner: To the what?

Mr. Dyer: The second sentence in this paragraph.

Mr. Dyer: "—but are planning to put more emphasis on this in the near future. This is very important since [2495] our maintenance program depends on shops being well equipped and well run."

Q. (By Mr. Dyer) By "our maintenance program", you refer to this preventive maintenance program? A. Yes.

Q. On the third page, the next to the last paragraph you state: "To put the machine shop inspections on a numerical basis it would be possible to give each of the above five classifications a merit value of 20 points. Thus a shop which was up to standard in all five would get a hundred percent rating. Where specific items or steps were recommended to correct a certain lack of tools or other deficiencies, the rating could be something less than 20 for that particular classification."

Then you state: "The first survey could be completed in about two months."

Was such a program undertaken? A. It was started.

* * *

[2496] As to the machine shop inspection, was such to take [2497] place at mills other than the ones listed in this memorandum? A. That was our intention at this time, yes.

Q. Was 't your intention to cover all of the D-M Mills, as to machine shop inspections? A. All of our stockholder mills.

* * *

Q. (By Mr. Dyer) Were copies of this memorandum sent to the mills on the face? A. I don't believe so. I don't remember. But I would have shown copies if they had been sent. I don't see any indication on there.

Mr. Updike: On its face it is just an internal memorandum, isn't it?

Mr. Dyer: I was talking about the mills listed on the face.

The Witness: May I amplify that a little bit?

Q. (By Mr. Dyer) Go ahead. yes. A. Ordinarily we would not report this kind of information, especially where we would say we have not "urged" this mill. I would not send that around.

Q. You wouldn't send that to that particular mills? A. I wouldn't send that out, no.

* * *

[2498] Trial Examiner: General Counsel's L-6 is received.

* * *

Q. (By Mr. Dyer) Did you prepare this memorandum, Mr. McCullough? A. Yes, sir.

Q. You state in the initial paragraph: "The following are the machinery maintenance goal recommendations made at the [2499] October 11 meeting in Drayton Mill."

Was that a treasurer's meeting? A. Yes, sir.

Q. "These recommendations are general to all mills—cotton, filament, worsted and woolen.

"The machinery maintenance group of your research corporation will continue to emphasize and assist in setting up better maintenance practices at a higher priority than inspection demeriting activities for the next three to six months."

Q. What are inspection and demeriting activities? A. The machinery maintenance group of the research corporation consist of men who are qualified through their experience to inspect machinery and to advise the treasurers of its condition.

These activities we call the inspection demeriting activity.

Q. Was a formal program set up as to a demeriting as such?

Trial Examiner: That would refer to an earlier exhibit, I believe.

Mr. Dyer: Demeriting?

Trial Examiner: Yes.

Or was it meriting?

Mr. Updike: No, it was demeriting.

The Witness: No it was meriting. It was the only time [2500] we have ever used the merit system. It was on the machine shop.

We got into merits. I don't think we got into demerits.

* * *

Q. (By Mr. Dyer) You state very likely our mill group [2501] inspections will be confined chiefly to warp preparation, looms, opening and picking equipment and possibly spinning."

Q. In other words, was it an inspection to be made in each one of those processes at each of the mills and the equipment rated on a demerit basis? A. Yes. Except we

wanted to be careful that some of these areas, cotton and filament, worsted and woolen, were not then actually in the program. They were plans. I don't want to have you get the impression that this was a package complete. We are still trying to complete it.

Q. All right. We will get into the demeriting activities in later things.

You have established in this memo six months goal for the mills; is that right? A. We made that as a recommendation.

* * *

[2502] Q. What are the standard inspection forms? A. That was one of the areas in which we had worked up for the mills' use reasonably standard forms for inspecting "E" model looms in all locations, "X" model, and so forth.

* * *

[2503] Trial Examiner: Let's ask was DMRC at that time making demeriting inpections?

The Witness: Yes, sir.

Q. (By Mr. Dyer) Of some of the machinery at the mills? It was, is that right? A. Some of the machinery at some of the mills.

Q. All right. What mills would those be? A. Primarily the cotton mills. Primarily, that is.

Q. And DMRC had not yet covered the full range of machinery at the mills; is that the idea? A. That is correct.

* * *

Q. I call your attention to the item marked "B" under No. 1 on this page. It says: "Do not let maintenance men

[2504] be pulled off the machinery moving, rush-short-term jobs, et cetera."

Had it come to your attention for possibly your staff making demeriting inspections that some of the mills were pulling maintenance men off their maintenance work? A. Yes.

* * *

[2505] Trial Examiner: General Counsel's L-7 is received.

* * *

[2506] Q. Is this to be a demeriting inspection of the mills as to how they are using maintenance men? A. Yes.

* * *

Q. (By Mr. Dyer) Now I think there is a schedule attached to the back page as to how these inspections were to be made at the various mills; is that correct? A. Not how, but when.

Q. Pardon me. Yes. When. [2507] A. Yes.

Q. And were these inspections so made? A. Yes, sir. But I don't want you to think we made them on that exact schedule.

Q. All right.

Was a report issued to the mills with the results of this inspection?

A. Yes, sir, I believe there was.

Q. Did the report show all of the mills and what their rating was together? A. Together, yes.

* * *

Q. (By Mr. Dyer) Would the report show the demerit for every one so their relative standing could be obtained? A. Yes.

Q. Now I note that this memorandum shows copies going to various people, including Mr. Roger Milliken. Were copies of the report sent to the same individuals listed on General Counsel's L-7? A. I believe the report was distributed at the Treasurer's [2508] meeting mentioned in the second to the last paragraph. I don't think we sent it to them.

Q. All right. Was there a discussion at this treasurer's meeting as to the results shown by this report? A. Yes, sir.

Q. Were you present at it? A. Yes, sir.

* * *

Trial Examiner: General Counsel's L-8 is received.

* * *

[2509] And I take it that the last page, as shown attached to this memo, is the schedule you speak of? A. That is correct.

Q. Was this schedule gotten up by you? [2510] A. Yes.

* * *

[2511] Q. Can you tell us whether the selection of the maintenance men referred to in the second paragraph was made on the basis of one of the demeriting inspections of the mills? A. No, sir. It was made as a result of the discussion at the treasurer's meeting where we made the recommendation. The treasurers accepted the recommendation and then said who is going to be host. And they asked us to recommend.

[2512] But we did not recommend based on demerits alone.

Q. What did you base it on? A. Geography for one thing. We wanted to pick a central location. But primarily

the program at the mill, the degree to which it met our recommendations, were I think the overriding considerations.

Trial Examiner: Well the degree to which you met the recommendations would be reflected in the merit or demerit ratings, would it not?

The Witness: Yes, but there are a lot of small things that aren't covered in those five points that we discussed earlier.

* * *

Trial Examiner: General Counsel's L-9 is received in evidence.

* * *

[2513] Q. (By Mr. Dyer) I take it, Mr. McCullough, that this is a further memorandum to clarify points concerning the maintenance program. In other words it is an addition to the previous exhibit; is that right? A. Yes.

Q. One of the points you wanted to clarify was that the visiting maintenance men—reading from the first paragraph, the second sentence—"should arrive at the host mill prepared not only to observe the complete range of practices, methods and record keeping techniques in use at the host mills, but also to participate in the actual machinery maintenance."

"The maintenance men should bring their work clothes with them and as many small tools as it is convenient for them to bring. We do not suggest that they bring their tool boxes, but such "much needed tools" as box-end and open-end wrenches, pliers, screwdrivers, et cetera.

Now, had there been some question as to whether they were supposed to do some work at the mill or not? A. Yes,

it was our recommendation to the mill that these men do what you might call on-the-job training. When they were told that a certain way of changing a gear was advantageous, we suggested they go out and try it, not for the purpose of maintaining the machinery, but for getting the experience of doing this thing. A single gear on a spinning [2514] frame would probably have been changed eight or ten times in the course of a morning—one gear.

* * *

[2515] Trial Examiner: What are you referring to in the third paragraph in the phrase Mr. Dyer read: "The concept of the program on a company-wide basis."?

The Witness: We meant those mills who were participating or following the recommendations that we made to the stockholder mills.

Trial Examiner: I am not sure that I understand.

Mr. Dyer: I don't understand it either.

Mr. Updike: Well, is that less than the total number of stockholder mills?

The Witness: At that time it was less—well, yes, it was less than all the mills that owned stock in the corporation.

Trial Examiner: What was less?

The Witness: My concept of company-wide.

Trial Examiner: Well I still don't understand. I am wondering what "company-wide" refers to.

The Witness: It says there "the concept of the program on a company-wide basis will be made to stress the importance of the maintenance man's job to visitors."

Prior to this concept of maintenance men a fixer's job [2516] which was the only man that had to do with upkeep of machinery, was a fairly humdrum job with no particular importance attached to it. There wasn't any significance to being a fixer. But we wanted to set maintenance men apart and to show them that they were special. We wanted to show the men at Darlington, for example, that they had their counterparts at Abbeville and that they were being given special attention because of the importance that management felt their jobs had.

Q. (By Mr. Dyer) Let's skip to the fifth paragraph. Is this paragraph an endeavor of yours to get wider participation by the visiting people?

You refer in particular to the review session where the visitors were asked to discuss their visit and what they have learned. A. One of our aims was to pick up from one of our stockholder mills suggestions for improved maintenance and to benefit the others by passing it on to them. We knew these men who would be very close to the work might have some very practical suggestions.

* * *

[2526] Trial Examiner: General Counsel's L-12 is received.

* * *

[2527A] Q. (By Mr. Dyer) The subject is stated as "revised spinning maintenance inspection forms."

Were these forms devised by your department, sir? A. Yes.

* * *

Q. Mr. McCullough, what were these forms used for? A. These were the forms that the mill machinery inspectors used to achieve—to arrive at the meriting ratings on their own spinning frames.

Q. All right. Were these kept as a record at each mill? A. Yes.

Q. And actually whether they kept these as a record or not was part of the demerits which men from DMCR might assign to the mill; is that right? [2527B] A. The keeping of the reports was a criterion on which we based the excellence of the system.

Q. You based the what? A. The degree to which the system followed our recommendations.

* * * *

Q. (By Mr. Dyer) Where staff people from DMRC made demerit inspections, did they assign demerits on this basis among others; that the department was not keeping proper records? A. Yes.

Q. And records would be records from these forms; is that right? A. These forms would be some of the records. yes.

* * *

[2529] (By Mr. Dyer) Now are these same forms used by the staff men from DMRC in inspecting the departments? A. Yes, sir. the same machinery, yes.

Q. All right.

* * *

[2532] Q. (By Mr. Dyer) Now, General Counsel's L-13 refers to the third round of spinning frame maintenance inspections.

I note in the last paragraph it states: "It has been over eighteen months since we made our last round of spinning frame maintenance inspections."

The previous inspection would have been around the first part of 1955; is that right? A. That is right.

[2533] Q. And there was an inspection made some time previous to that? A. Yes.

Q. Can you tell us about how long before that? A. It was during 1954, as I remember.

Q. Well this memorandum sets out what seems to be a spot-check system for checking spinning frames, is that right? A. That is right.

* * *

[2534] Q. Well let me read the whole sentence. "In that period most of the mills placed into operation the use of maintenance men and all the mills upgraded the level of mechanical excellence of their spinning equipment."

Excuse me. I was skipping and trying to come to a conclusion with it.

All right.. The use of maintenance men contributed to the upgrading of the maintenance level of the equipment. A. In our opinion, yes.

Q. Is General Counsel's L-14 the results of the maintenance inspections mentioned in General Counsel's L-13? A. Yes.

* * *

[2535] Q. Now, under the line of the third inspection you show a goal of 1.5? A. Yes.

Q. How was that goal established? A. That goal was established on a basis of what a good overseer would expect to find on his equipment.

Well that is not said very well.

It is established on wh: : was believed to be a practical attainable level of machinery maintenance.

Trial Examiner: Where is this figure to which you are referring now?

* * *

[2537] Mr. Dyer: I note on the back page of General Counsel's L-15 there is a reference to courtesy copies, three copies per mill, being sent to all the mills and copies to Mr. Roger Milliken and other mill treasurers.

Q. (By Mr. Dyer) Let me ask you, Mr. McCullough, the names listed in the third column under Mr. Roger Milliken, were copies being sent to them as mill treasurers or in some other capacity?

I note there is Mr. Lowry, Mr. Defore's name on there? A. We try to keep the other service corporations informed of our activities. And they try to keep us informed of theirs so we don't overlap, don't duplicate and waste time and money. For that reason it was sent to Mr. Lowry and Defore. The other gentleman there, Mr. Milliken and the two Mr. Sibleys, and Mr. Stone, are either members of the Board of [2538] Directors of the Research Corporation, or they are management officials interested in the goings-on in these mills.

* * *

[2541] Trial Examiner: General Counsel's L-17 will be received.

* * *

Q. (By Mr. Dyer) Mr. McCullough, this memorandum refers to the results of the recently completed sixth warp preparation inspection. Can you tell us if this program started in 1954? A. This was one of the later ones. It was either late 1954 or early 1955. I don't know when the first one took place.

Q. All right. What is meant by warp preparation? Or would that be shown by the last page as to what goes into warp preparation? A. Yes. That tabulation on the last

page shows a large number of the things that can be wrong with the yarns that go into the warp of a loom.

Q. All right. When you speak of yarn preparations, running from where up to where? A. You notice on the third page the top line says: "Caused". Do you see that?

Q. Yes. A. It says SP. That stands for spinning, slashing, tie-in and weaving. [2542] Those are the three sources of error in a warp.

Trial Examiner: Make it four.
The Witness: Excuse, me, four.

Q. (By Mr. Dyer) Is this all spoken of as warp yarn preparation? A. Yes, sir, warp yarn preparation.

Q. All right. Now turning back to the first page, this—looking to the last column on the right, there are goals there. Can you tell us how those goals were set up? A. In the same way that the spinning and weaving goals were set up; based on practical experience of what constitutes good practice.

Q. That is the practical experience of the men in your department? A. In our department, that is right, in our corporation.

* * *

[2543] Now, this program of inspection of the various departments of looms, spinning and yarn preparation, are those demeriting inspections—did those demeriting inspections take place all the way through 1956? A. We were active all through 1956 yes, sir.

[2544] Q. In these demeriting inspections? A. Of those and others, yes. In that field of making demeriting inspections, yes.

Q. Did you ever have any conversation with Mr. Milliken, Mr. Roger Milliken, with regard to these demeriting inspections being made at the mills? A. Did I ever have any conversations with him?

Q. Yes. A. Oh, yes.

Q. Within the range of 1955-1956? A. I am sure I must have.

Q. Do you recall any in particular? A. Not offhand, no, sir, no particular one.

Q. Well, do you know from your conversations with Mr. Milliken whether he was in favor of this program? A. He was neutral at first.

Q. All right. Did he change from being neutral? A. He changed from being neutral—well, he gave us a chance to show him to convince him and the treasurers. And after he began to see what we were furnishing to our stockholder mills then he came to be more in favor of it.

* * *

[2545] Trial Examiner: General Counsel's L-18 is received.

* * *

Q. (By Mr. Dyer) All right. The memorandum starts off: "You have asked for a recommendation on the best methods of operating the opening and picker lines in our various mills. The first requisite is the proper condition of the equipment. Settings of the machines are included in the maintenance procedures."

Mr. Newton goes on to say that a survey was started on what might be termed an operations research approach, to have various men from DMRC assigned to the opera-

tion. And at the end of the survey a report would be made to the management [2546] on mill practices as well as machinery condition.

Now, this survey was—well let me ask you: Was it designed for the information of all the mills? A. No, sir. These practices surveys—and we didn't get into them very deeply—were confined to the mills for which the survey was made.

* * *

[2548] Trial Examiner: Armitage is who, did you say?

The Witness: Vice President of Deering, Milliken Research Corporation.

* * *

[2549] (The document above-referred to, heretofore marked General Counsel's Exhibit L-19 for identification, was received in evidence.)

(The document above-referred to was marked General Counsel's Exhibit L-20 for identification and received in evidence.)

Q. (By Mr. Dyer) In the first letter there is reference made to an electronic slub device which was developed and manufactured by the research corporation. Can you tell us what that is?

I don't want you to reveal patent information. But just generally what is it? A. It is a device to artificially put into yarns thick places.

Q. And does the research corporation do what you might term "pure research into this field"? A. Define "pure research"?

Q. I am using the wrong terms. What kind of research does the research organization do in this field? A. We develop improved machinery and control devices to produce desirable effects in the manufacturing of textiles.

Q. Now, this is a matter of research and patents are taken out for the devices, I take it? A. Yes.

Q. Where such are patentable? A. Where they are patentable, yes.

[2550] Q. And this was such a device? A. There are issued patents on this device, yes.

* * *

[2551] Q. Now, Mr. Oeland asked—he mentioned he has a letter from Mr. Agnew stating he would be interested in such a device and would appreciate Dr. Armitage contacting Judson and handling the deal for us, Do you know whether Dr. Armitage did so? A. Yes, sir, he did.

Q. Was the deal handled by Dr. Armitage? A. Not in the way that this letter would indicate.

It later developed that Judson really didn't have any need or could not have used this device.

Q. And so they didn't buy it from Darlington? A. They did not buy it from Darlington, no.

Q. Mr. Oeland finishes up by saying, "We will be glad to be guided by your judgment in the matter since it is one of our own mills and we do not anticipate using the device again."

* * *

[2553] Trial Examiner: General Counsel's L-22 is received.

* * *

822 is the general project number at the Research Corporation for machinery maintenance.

Q. The subject is "Roving Frame Bobbin Gear Setting Gauges."

You say in the first paragraph: "Some time ago we developed a gauge to facilitate the proper setting of bobbin gears on roving frames."

[2554] You go on to state that the use of the setting gauge virtually eliminated the uncertainty as to how much play was left in the gear pair.

"And we set up a tolerance of a maximum play of one-quarter inch as indicated on the gauge."

"It has come to our attention that some mills are misusing the gauge and jamming the bobbin gear into the bobbin drive gear so no play at all is allowed and actual metal to metal interference occurs."

Q. How did that come to your attention? A. In the course of visiting one of the mills, Lockhart, I believe, an overseer there stated to one of our men that the gauge wasn't any good. He said his men had been using it and it was still wearing out gears.

So he, the man in the Research Corporation, got the man with the gauge and took him out to the roving frame and watched him using it. And it was apparent that he was not using it properly.

Q. Therefore, you sent this memorandum to the mills advising them of the proper way of using it; is that right? A. On the basis that if one stockholder mill was using it wrong, then the chances are that others could be using it wrong.

* * *

[2562] Q. (By Mr. Dyer) Did DMRC send out a series of maintenance memos covering various topics such as inspection gauges for mote knives, and instruments for measuring hardness of rubber? A. There was a series at one time.

Q. How long did that series last? A. It went up through about number ten, as I remember; perhaps nine.

* * *

Q. Some of these maintenance memos covered supplies that you had on hand which might help various mills? A. I don't remember any that concerned supplies. Some of them related to developments which the Research Corporation had brought about, but no commercial items as such.

* * *

[2563] Q. (By Mr. Dyer) For instance, one states something like this: The Research Corporation has on hand several sets of inspection gauges for checking critical dimensions of the mote knives and the width of the slots and the mote knife brackets. A. We did send—we designed those.

Q. And you built them? A. Yes.

Q. And then you sold them to the mills? A. That is right.

Q. Were there other memos such as—the memos covering other topics of use to the mills, such as the one on the use of oilite and other centered metal inserts for repairing worn bearings on textile machinery? A. You say were there others?

Q. Such as this, yes? A. May I see that?

Q. Yes. A. Those could well have been another of that numbered series if we had given it a number. I consider this to be part of a series. There were others.

Trial Examiner: When you say series, you are referring to the maintenance memos?

The Witness: The one through ten that he referred to.

[2564] Q. (By Mr. Dyer) The one you have seen is unnumbered; is that right? A. That is right.

Q. After the numbered series, did you continue to send out memos bearing on maintenance problems to the mills? A. Yes.

Q. Mr. Milliken was sent copies of these maintenance memos; is that right?

Mr. Updike: You say would send?

Mr. Dyer: No. Was sent copies of these maintenance memos; is that right?

The Witness: Yes, usually.

Q. (By Mr. Dyer) Now, I have a memo in my hand dated May 23, 1956. Let me show it to you. It is addressed to various mills with copies going to Mr. Milliken, Subject: "Improvement on Roving Frame, Builder Motion."? A. Yes.

Q. Can you explain the background for this memorandum, please? A. The roving frame builder motion is a weak point in the construction of roving frames; and the Research Corporation developed an improvement on the builder motion to make it more reliable.

After we ran a test at one of the stockholder mills for nine months, we felt that we had a development which

was [2565] practical and, therefore, brought it to the attention of the other stockholder mills.

Q. In other words, the Research Corporation ran this test at Laurens Mills? A. Yes.

Q. And after finding what was practical, did you make the—well, I believe you sent out photographs of the improvement along with this memorandum, did you not? A. And a drawing also.

Q. Yes. And were the mills asked in this memorandum to submit orders for the parts so that the Research Corporation could put in one consolidated order? A. Yes. We acted as a clearinghouse for all the orders. Most of the time the Purchasing Department would do this.

Q. I point your attention to the last paragraph on the first page: "In order to take advantage of these quantity purchase discounts the Research Corporation will enter an order on June 2 consolidating all requests from the mills for these parts which have been received up to that time." A. Yes.

Q. "When a consolidated order is received, we will ship to the mills their individual requirements." A. Yes.

Q. Is that the way it happened? [2566] A. Yes, sir.

Q. Then did the Research Corporation bill the mills for the amounts? A. Yes.

* * *

Q. Did you thereafter make another inspection at the various mills? A. Of that type?

Q. Yes. A. Yes. We tried it again.

Q. And the same items were covered in, shall we call it the demeriting inspection, maintenance bench equipment, demeriting inspections being made by the mills themselves, the use of maintenance men, the number of cycles and cycle frequencies by maintenance men and the records being kept of maintenance; is that correct? [2567] A. That is correct.

Q. Were the results of that inspection made known to the various mills? A. Yes.

Q. Were they rated according to the progress they had made? A. I believe in the second round, so-called, we rated them on a ——

Mr. Updike: May I have the date of that, please?

Mr. Dyer: June 23, 1956.

The Witness: At one time we rated them on a numerical rating rather than a group one, two and three; but right now I am not clear as to which came first.

Q. (By Mr. Dyer) How many inspections were made of that type? A. I am sure of two, and I believe three.

Q. Let me hand you this. The title at the top says "Third". A. Yes. Then there was a third one.

* * *

[2569] Q. Now, in preparing a memorandum for distribution after one of the inspections, you used a numerical rating system at times. And at other times you used a chart system showing the progress of the various mills so that they could be compared one against the other; is that right? A. Yes.

Trial Examiner: Whichever system was used, the mills could be compared; is that right?

The Witness: Yes, sir.

Mr. Dyer: Yes, sir.

Q. (By Mr. Dyer) I may have asked this question before. Pardon me if I did.

The Research Corporation would inspect used machinery which one of the mills would wish to buy at that mill's request; is that right? A. Yes. That was a special arrangement when it happened.

Q. How was the mill charged for the service? A. They were billed for all out of pocket expenses, travel, meals, phone calls, any out of pocket expenses that were incurred as a result of the inspection.

Q. But they were not billed for the inspection itself? A. Not for the man's time.

* * *

[2582] *Redirect Examination*

Q. (By Mr. Dyer) Mr. McCullough, on that same subject let me ask you this: You mean you changed goals for individuals? A. No, sir. For individual machines.

Q. For individual machines? A. Yes.

Q. But then the goal for the individual machines was the same for all the mills, was it not? A. For any given machine the goal was the same, no matter where the machine was located.

* * *

Q. I see.

Now, going back to another point, you stated just a moment ago to Mr. Updike that the woolen and worsted group hadn't gotten into the demeriting inspection program too far; is that right? A. That is correct.

[2583] Q. Can you tell us why that was? A. We had to start somewhere. And we started with the group of mills which represented the biggest single homogeneous stockholder assembly. The cotton mills were the biggest single group.

Q. In other words, the system as it was set up by DMRC was set up first for the cotton department? A. For the cotton mills?

Q. The cotton mills, that is right? A. Yes.

Q. And then thereafter, some time later on, did you set up inspection systems for the woolen and worsted mills? A. We are working in the woolen and worsted—the woolen mills now.

Q. All right.

Trial Examiner: You are now working in the woolen mills, did you say?

The Witness: Yes.

Q. (By Mr. Dyer) Let me hand you Respondent's L-1. Can you tell us what parts were covered in this inspection? I think the words are "weave room parts." What parts are those? A. It says here "loom parts." And I don't know how to describe them any more simply than that.

Q. Are these loom parts—well, were you present in the room when Mr. Sterling Smith testified? [2584] A. Part of the time.

Q. Do you recall Mr. Smith testifying about studies that were gotten out in which comparisons were made of loom parts? A. Yes. I have a recollection of that.

Q. The comparison of cost of loom parts? A. Yes.

Q. Would those be the same loom parts referred to in this memorandum? A. Generally, yes.

Q. Therefore, there would eventually be no secret about it since the cost of the loom parts would be made known to all the corporations, would it not? A. I don't understand what your question is.

Q. Apparently in this memorandum Mr. Oeland says something about he just wanted to keep the cost of the loom parts something between DMRC and Darlington. But in

actuality, the cost of the various loom parts were made known to all the mills through Mr. Sterling Smith's report? A. Oh, I see.

Yes. I didn't at the time see the reason for secrecy. But it wasn't our place to question a request from a treasurer to keep it secret. There is one word in here that wouldn't apply to Mr. Smith, not specifically; and that is a breakdown. Mr. Toher was itemizing parts by name and number, as to which parts the mills were buying in greatest number and which parts they were breaking most frequently.

[2585] Mr. Smith didn't get that far into the internal workings of a mill. But he talked about classes of supplies, whereas we were speaking here of specific items.

Q. If I recall correctly the reports given out by Mr. Smith did give the names of manufacturers of the various parts and the costs.

Do you recall seeing such? A. Yes. On about, as I remember, perhaps fifteen or twenty items.

* * *

[2588] CHARLES GIBBS JOHNSON, was called to the stand as a witness, and having been first duly sworn, was examined, and testified as follows:

Trial Examiner: What is your full name?
The Witness: Charles Gibbs Johnson.
[2589] Trial Examiner: Where do you live?
The Witness: Greenville, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Tell us what your relation with the Service Corporation is. A. I am presently Personnel Director of Judson Mills.

Q. Personnel Director of Judson Mills? A. That is right.

Q. In 1955 and 1956 what was your connection with the Service Corporation? A. I was Director of the Placement Department.

Q. And how many people were in the Placement Department at that time? A. There were two, and then three. I had a secretary; and I believe in December of 1955 one man was added.

Q. And who was that? A. W. M. Thornton.

Q. All right. Prior to your position at the Service Corporation, what had you done before that time? A. I had been Personnel Manager at Judson Mills.

Q. And prior to that time? A. I had been in the Deering Milliken Industrial Engineering Department. And then with Judson.

Q. In what capacity? [2590] A. In Industrial Engineering work.

Q. Had you been associated with any of the other mills, Deering, Milliken Mills, prior to that time? A. No.

Q. Now, when did you go with the Placement Department of Deering, Milliken Service Corporation? A. I went with the Placement Department in May, 1951. It was not a part of the Service Corporation?

Trial Examiner: It was what?

The Witness: May of 1951, the Placement Department.

Q. (By Mr. Dyer) What was the Placement Department at that time? A. Just a separate department.

Q. Of Judson Mills, or what? A. Functioning for some of the mills in the group for which Deering, Milliken is a sales agent.

Q. And when the Service Corporation was set up, then you became head of the Placement Department? A. That is right.

Q. Where is the Placement Department located? A. Their headquarters are in Greenville, South Carolina.

Q. Is that where Judson Mills is? A. Yes.

Q. What were the main programs of the Placement Department during 1955 and 1956? A. The Placement Department was a liaison between various [2591] colleges and universities throughout the Southeast and these mills or group of mills for which Deering, Milliken is a sales agent.

* * *

[2592] Q. (By Mr. Dyer) Now, in this analysis—well, let me ask this first:

Did Mr. Oeland ask you to make this analysis? A. If I recall correctly, I suggested it and told him what it would be, and he requested I go ahead with it.

Q. What was the purpose of the analysis? A. In the Placement Department I was interested in referring to the various mills men whom they might employ. And this was an analysis that I thought might be helpful to Mr. Oeland in determining the number of college graduates he might wish to employ, and giving him information regarding his supervisory force.

* * *

[2593] Q. (By Mr. Dyer) Did you make use of this analysis in attempting to find personnel requested by other mills? A. Not that I recall.

Q. Did you make similar analyses for other mills? A. For some of them, yes.

Q. Did you make such use of the analysis for other mills? A. No.

Q. One of your first recommendations is that Darlington should hire two trainees per year for the next two years.

On what did you base this recommendation? A. As I recall, this particular analysis—there was an organization chart drawn and in certain departments it showed that there was no one available to advance within the ranks of the department. And I felt by hiring trainees and bringing them along they would have potential supervisory people.

Q. Did you make any recommendation as to whether these trainees should have any particular type of background? [2594] A. No. That was up to the mill.

Trial Examiner: What was up to the mill?

The Witness: The background that the men that they employed had.

Q. (By Mr. Dyer) Now, there are some statements in this memorandum about "We should be more selective in the men to whom we make offers."

Did you mean that——

Mr. Updike: There is one such statement.

Q. (By Mr. Dyer) Did you mean that on a trainee basis or what? A. When I spoke of the trainee, I was speaking of a college graduate.

Q. Well, I am pointing you to the line marked two. A. Yes.

Q. Were you speaking there of trainees? A. Yes.

Q. In the paragraph numbered four, you state: "We should work toward the point where fifty percent of the

second hands and seventy-five percent of the overseers have promotional possibilities."

Was this recommendation made just for Darlington? A. That was a general point that was brought out, that or some similiar to it, in other analyses.

Q. I note in the first paragraph you say that the ratings of job performance and potential were made by you, meaning [2595] Mr. Oeland; is that correct? A. Mr. Oeland, correct.

Q. "Any rating is based largely upon personal opinion and is subject to later revision as we may either underestimate or overestimate a person's performance and potential."

Was the rating as such your rating? Or were you, again, referring to Mr. Oeland's rating? A. To Mr. Oeland's rating.

Q. Coming to the paragraph numbered four, you state: "Although only five of the present supervisors are judged to have reached their limit, only three are considered to have the potential to advance more than one step."

Who arrived at that judgment? Was that you or Mr. Oeland? A. Mr. Oeland made all the ratings.

Q. Is this conclusion yours or Mr. Oeland's? A. This conclusion I drew from Mr. Oeland's information.

Q. I see. A. It is not a conclusion. But it is a factual statement based on the data he gave me.

Q. In the paragraph numbered 6, it is actually two lines, you state: "Educational work must be done to attain wider acceptance of the college trainee program among all supervisors."

What did you have reference to? [2596] A. To me that is almost self-explanatory.

In some instances that is a general statement; in some instances there is a reluctance on the part of the textile industry to accept college graduates coming in.

Q. When you made this analysis did you talk to the supervisors at Darlington? A. No.

* * *

Q. Did a copy of your analysis go to Mr. Lowry? A. If at that time I was reporting to Mr. Lowry, it probably did.

Q. You mean the Placement Department did report to Mr. Lowry as head of Deering, Milliken Service Corporation? A. As head of the Deering, Milliken Industrial Engineering Department also.

Q. Was the Placement Department part of the Industrial Engineering Department? A. No, sir.

Q. I am a little bit confused. Why would such reporting to Mr. Lowry be done? A. I said "if". There was a period in there when I was reporting to Mr. Lowry, who had the Industrial Engineering Department and the Placement Department. And if I were reporting to him, I would give him a copy as a courtesy.

[2597] Q. (By Mr. Dyer) We have seen some of the points which you made—or rather the recommendations which you made. Do you recall any other recommendations which you made in this analysis? A. If I recall correctly, there were perhaps—there was a breakdown showing ages, educational level, and just factual information such as that taken right from the personnel records. But I do not recall any additional recommendations.

Trial Examiner: When you say taken from personnel records, whose personnel records do you mean?

The Witness: The individual's personnel records at the mill.

* * *

Q. (By Mr. Dyer) Where analyses of the type we have just mentioned were made at other mills, did your department keep copies of those analyses?

* * *

Q. (By Mr. Dyer) Where a mill such as Darlington wanted a particular type of personnel, would they sometimes make a request to you to see whether you knew of such personnel [2598] being available? A. Do you mean a college trainee?

Q. College trainee, yes, sir, for example. A. Well, they received lists of all the men I interviewed at the colleges with information regarding those individuals.

* * *

Q. (By Mr. Dyer) Now, in Mr. Oeland's letter to you he talks about discussing with Mr. Defore possible advantages of having one man working on a tension analyzer. He states that in the discussion Mr. Defore suggested the possibility of securing a cooperative student specializing in textiles.

He goes on to say: "We are wondering if it is possible to secure such a student and how we would go about it."

[2599] I am referring to GC M-2, his letter to you. A. Yes.

Q. He says: "It is not absolutely necessary that we get a textile student, but I do feel it would be well for us to get either a mechanical engineering or electrical engineering student."

He says: "It may be possible that we would have to pay more than our regular college trainee rate. We would be willing to do this for a period of time in order that we could get some idea of what the program would develop into."

And he asks for your suggestions and advice on the problem. A. Yes.

Q. Did you receive requests similar to this from other mills, from any of the other DM Mills? A. Very infrequently.

* * *

Does your Department keep track of the various cooperative students working in the DM Mills? A. We try to.

Trial Examiner: Cooperative students?

Mr. Dyer: Cooperative students, yes. By that term——

Trial Examiner: There has not been reference to cooperative students before this time?

Mr. Dyer: No, there hasn't been.

Q. (By Mr. Dyer) A cooperative student is one who works [2600] part time and goes to school? A. They work three months and go to school three months.

Q. And then repeat the cycle? A. And repeat the cycle. And then the fifth year they go nine months solid to school.

* * *

[2601] Q. (By Mr. Dyer) Had you known that in the past mills did borrow personnel from one another? A. I don't think you could term it borrowing.

Q. Well, I am using the phrase that you use in the memorandum. You say it might be possible that you could borrow their man for a definite period of time.

Had you known of such a thing being done? A. Employing for a definite period of time?

Q. Well, had you known of such a practice in the past.
A. No.

* * *

[2602] Q. In other words, Mr. Milliken made a request of Mr. Lowry who passed it on to you? A. Yes.

Q. What was the request? A. To get certain information about supervisors.

Trial Examiner: And trainees?
The Witness: Yes.

Q. (By Mr. Dyer) What was the certain information that [2603] you were to get? A. That is specified here in the memorandum. It would be name——

Q. Well, do these set out everything you were requested to get? A. Yes.

Q. The first is supervisors originally employed as college trainees and trainees presently working and employed through December 1, 1954, unless they reached a supervisory rank above assistant plant superintendent, to non-college supervisors at the level of overseer or higher who may advance within your unit or are capable of assuming greater responsibilities in another DM unit.

Three: Non-college supervisors at the level of second hand who are considered to have the potential to advance more than one level of supervision, for example Second Hand to General Overseer, Department Superintendent, or Assistant Plant Superintendent.

Did you supply a form on the back of this memorandum? A. Yes. It says the list was attached.

Q. All right. And then you get into the "General". "The column 'Salary' is to be left blank. This will be filled in later if the information is desired."

How was that to be filled in later? A. Through a direct contact with the mill.

[2604] Q. All right. Number two: "Where the information in our files was questionable or not available, the spaces have been underlined in red. Please see that these are corrected or filled in."

You did the memorandum that went to Darlington in this instance. Did you list all of the college trainees that you knew of in that memorandum who were working at the mill? A. We kept a record of the college trainees as they were employed.

Q. All right. And you listed those, according to your records, who were employed at Darlington; is that right? A. Yes.

Q. Now, you say "Where the information in our files was questionable or not available."

What information would that be that would be questionable or not available A. We depended upon the mills for information. In all cases we were not advised of men that they had employed or when the men that had been employed had left, and information of that sort.

Q. All right. You say "Please check job titles to see that these are correct."

In other words, you wanted to know whether the man would have been employed—or you wanted to know if the man who had been employed as a trainee had moved up to various jobs; [2605] is that the idea? A. Yes.

Q. "The information is to be as of March 31, 1955. Ages are computed to the previous birthday as of this date."

Well, how complete was the information to be concerning each individual? A. Name, job title, birth date and age. And as far as I recall, that is it. Plus the—

Q. Plus the man's potential; is that right? A. I don't recall the form exactly. But if I recall correctly, the actual listing on it showed that they had potential.

* * *

Trial Examiner: When you asked for potential, you mean you were asking for the mill's estimate of the man's potential?

The Witness: Yes, sir.

Q. (By Mr. Dyer) Now, the same information was obtained from all the mills; is that right? All the DM Mills, that is? A. I don't think that is correct.

Q. What ones were not included? A. If any were omitted, probably northern mills. But that I am not sure of.

Q. In other words, this was to be all of the southern mills; [2606] is that right? A. Yes.

Q. Now, was a report prepared from this information? A. As it says "by mills", yes.

Q. And was this report submitted to Mr. Milliken? A. I am not sure. Mr. Lowry had a copy. Whether there were two copies that were given to him or not, I don't recall

Q. When you speak of another DM unit—calling your attention to the first and second paragraph in number 2—do you mean by that all the other DM Mills, or DMSC, or DMRC? A. No. I am speaking there of the mills for which Deering, Milliken and Company, Inc. is a sales agent.

* * *

Q. Was a request for this information made to DMSC or DMRC? A. That I do not recall, Mr. Dyer. It could have been, or it could not have been.

* * *

[2608] Q. Who is Mr. J. A. Meehan? A. He was with the Woolens Division.

Q. He was with the Woolens Division?

Mr. Updike: No, not Division.

Q. (By Mr. Dyer) Woolen Mill? A. Yes, Woolen mill.

Q. Which woolen mill was that? A. He has Excelsior Mills in Union. His office is located there. He has general supervision over Hatch, Rutherford and Kingsley.

* * *

[2618] Q. Was Mr. Lowry the one who was handling the problem of getting I. T. T. students for the various mills? A. He and I together interviewed them.

Q. Interviewed the I. T. T. students? [2619] A. Yes.

* * *

Q. Was there a definite rate set for what should be paid I. T. T. students for summer work? A. A suggested rate.

* * *

Q. Whatever the rate was, was that the rate on which you talked to the various I. T. T. students? A. Yes.

Q. Were you authorized——

Trial Examiner: Suggested by whom?

Q. (By Mr. Dyer) Was the rate suggested by your department? A. Solely, no. It was one of those things that Mr. Lowry and I would discuss and which we would think it would take this and that. That is usually the way those developed.

Q. I see. Did the mills who were interested in getting I. T. T. students authorize you to offer those rates to the I. T. T. students?

* * *

The Witness: I would say they probably did, Mr. Dyer. Whether we got any or not that year I don't know.

* * *

[2620] A. Yes.

(General Counsel's Exh. No. M-10 was received in evidence.)

[2621] Q. Where did the data come from? A. From records maintained in the Placement Department's office.

Q. You state that following the meeting of July 17, 1956—was that a quarterly treasurers' meeting? A. So far as I recall it was.

Q. —one of the treasurers requested that we distribute the information that was presented at the meeting re trainees.

In other words, the information in this memorandum was gotten up by you for presentation at a treasurers' meeting; is that right? A. Yes.

Q. At whose request? A. Some of it was information that I thought should be presented. Some was suggested by Mr. Lowry.

* * *

[2623] Q. I note in your recommendation number six you talk about formalized training along lines of the report issued by Mr. W. M. Thornton issued May 21, 1956.

What was that report? A. The Placement Department once issued a report suggesting a training program at the mills. That is probably that report to which we are referring there.

* * *

Q. (By Mr. Dyer) Number 10, there you say: "Cross transfer mill to mill and group to group." A. Offer the men to go to be considered by another mill. That [2624] is what I mean there.

Q. I see.

And number, number 11, you state: "Do not release trainee for inadequate performance before checking other mills through Placement."

There is a difference there between those two; is that right? A. Yes. You mean between 10 and 11?

Q. Yes, sir. A. Yes.

Q. In other words, if there is a greater opportunity for an individual at another mill, he is to be transferred to the other mill; is that the idea? A. No.

Q. What is the idea? A. He is to be offered the opportunity for consideration for that opening.

Q. I see.

And the problem that brought about this memorandum, was it, was that the mills were losing too many trainees?

Mr. Updike: I object to "the mills losing too many trainees."

Q. (By Mr. Dyer) What was it that brought about the memorandum? I will leave it at that. A. To make suggestions to these various mills for which Deering, Milliken and Co., Inc. is a sales agent, so that [2625] they

could do a more effective job of employing college graduates and also a more effective job of retaining those men after they were employed.

* * *

[2627] Trial Examiner: Mr. Dyer was referring to the second page of GC M-10, which refers to GC M-11.

Q. (By Mr. Dyer) Was this formal training program gotten up solely by Mr. Thornton or did you help him with it? A. I helped him with it.

Q. And this was submitted to all the mills; is that correct; all the DM Mills? A. It probably did not go to Maine mills. It was submitted to all the mills in the South for which Deering, Millliken sells.

* * *

Did you and Mr. Thornton initiate this idea of a formal training program? A. I believe so.

Q. Let me ask you this: Is the copy of this formal training program such that it could be adopted at all of the mills? [2628] A. The best way to explain that, Mr. Dyer, is to say it is a skeleton upon which a body could be built by any of the mills.

* * *

[2630] Your paragraph number C under number 3 "Training" says "In those mills where department rotation is adopted, this procedure should be followed in each department."

Which procedure are you talking about there? Is that the procedure outlined in "B" above that? [2631] A. I will have to read that.

Yes, it is.

Q. All right.

In paragraph "D" you stated: "It may be well to either begin or end the training with an assignment in the IE Department."

That would be the Industrial Engineering Department at each of the mills? A. Yes.

* * *

[2632] Q. Paragraph "e" states: "After the trainees have been in training a few months, they may benefit from JIT and JRT."

What are JIT and JRT? A. Back during World War II there was government training within industry. And they put on what were known as the "J" progams. There was JIT, which was Job Instructor Training which was available to industry all over the country. And JRT which was Job Relations Training. And JMT was Job Methods Training.

Q. I see.

Your paragraph "f" states: "After the trainees have been in training at least six months or have been promoted to a supervisory position, they may benefit from the Supervisory Training offered by DMIED."

What is that? A. The Industrial Engineering Department of the Service Corporation conducted some training sessions which were made available to the mills to use and not to use as they wished.

* * *

[2633] Then on the back page is a sample trainee merit rating. Was this devised by you and Mr. Thornton? A. I believe Mr. Thornton devised that.

Q. And this was a sample which the various mills could use in rating the trainees? A. In rating the trainees at their particular plant.

Q. And was it the recommendation that each Department supervisor where the trainee worked complete one of these forms for submission to the plant manager? A. [2634] That was the suggestion, yes.

* * *

Q. (By Mr. Dyer) Do you know what the Management Development and Training Program was? A. Yes.

Q. What was that? A. It was a program that we developed in the Placement Department with Mr. Lowry's help which gave what we felt was a logical approach that would help individual supervisors develop so that they could handle greater—that is, do a better job where they were, and if they had abilities, enhance [2635] those abilities so they could assume greater responsibilities. And that program was made available to the individual mills as they wished it.

Q. Well, what did it encompass? A. A presentation showing what was expected to be accomplished by the program. And that was followed up with an appraisal of the individual by his—with an appraisal of the individual supervisor by his superiors on his strengths, areas of weakness, and how they could be overcome, or how he could get training that he had not had.

Q. Were there any particular points of emphasis in the program that you recall? A. We emphasized that it was a program to help individuals.

Q. Well, did you emphasize anything in their help such as outside training or inside training? A. That could be, Mr. Dyer.

If you will go back, it was somewhere in here that you said training is an individual matter.

Q. Yes. A. And other persons—or some persons need training and other persons need something else. Training has to be on an individual basis.

Q. Well, the program as such, was it flexible enough to take care of any individual supervisor at any mill? A. It gave a——

[2636] Q. Or was it a general picture? A. It gave an approach that could be used.

Q. I see. A. It is very similar to program used by General Electric, General Motors, and larger industries all over the country.

Q. Now, where this program was being developed, did you or Mr. Thornton give that program at the individaul mills? A. He or I would make the presentation and ask the mill whether or not they wanted to go ahead with it.

Q. I see. Who thought up the idea for the Management Development and Training Program? A. I don't know. In the Service Corporation a number of people had been talking about it. And Mr. Lowry told me to go ahead with it. That is the way it was.

Q. I see. A. It is a thing that has been written up in many magazines, newspapers, books. It is nothing peculiar to the Deering, Milliken Service Corporation or any one of the mills.

* * *

[2637] Trial Examiner: GC M-12 is received

* * *

Q. (By Mr. Dyer) Now, before we go into this memorandum too far, let me ask you this: One of the main functions of the Placement Department, I think you have testified, is contacting colleges and trying to arrange for selected people at these various colleges to be interviewed

with a view to hiring them at the various mills or having the various mills hire them; is that right? A. I made no selection.

Mr. Updike: The question is stated in a disjunctive, with a view to (a) or to (b) is the way you stated it. Can't you rephrase it?

Mr. Dyer: All right.

Q. (By Mr. Dyer) One of the main functions of the Placement Department is contacting colleges for prospective graduates is that right? A. Correct.

Q. In doing so you have to set up quite a program; is that right? A. That is right.

Q. And is this memorandum designed as an outline of the things to be followed in the college recruitment program? [2638] A. Yes.

Q. Now, were the various mill heads, treasurers, or managers asked by you to act as sponsors for dinner meetings or other type of meetings at the various colleges? A. They were requested to act as sponsors and then were requested to attend dinner meetings or accompany me to the schools, yes, sir.

* * *

[2639] Back here I think you have a Schedule A. It is approximately four pages back. There is a number written on the bottom "111". You show the schools, the president, Placement Director, People I Know Well, and the sponsor assigned. That is two pages.

Those are the schools to which the recruitment tour was planned; is that right? A. I didn't understand the question.

Q. These are the schools to which your recruitment program was pitched; is that correct? A. For this year, yes.

* * *

[2641] Trial Examiner: Just a moment. In (7) you refer to "men from the groups." Which men are these?

Mr. Dyer: The men from the groups is indicated in—well, let me ask the witness.

Are they groups of students?

The Witness: Yes, they are the groups of students.

* * *

Now, you have told us about the management Development and Training Program. What is the Management Development [2642] and Training Committee? Is that the members you indicated before? A. I can recall those. I am not—I believe that was the same committee, but I am not sure. I didn't recognize that Training Committee fully. But the Management Development and Training Committee I recall, though.

Q. Do you recall the members of that committee now? A. Yes, sir. Mr. W. A. L. Sibley, Mr. A. B. Sibley, Mr. J. A. Meehan, Mr. J. J. Norton, Mr. M. C. Stone, Mr. C. M. Lowry, and Mr. Roger Milliken.

* * *

Trial Examiner: Do I have a correct picture of this: A given treasurer, or a treasurer at a given mill is to serve as sponsor for interview and discussion with prospective graduates; is that correct?

[2643] The Witness: Mr. Buchanan, he was to serve as sponsor to assist the Placement Department.

Trial Examiner: Yes. All right.

And the men who would do the recommending—the Placement Department would recommend; is that right? You would make recommendations with respect to these trainees, or graduates I should say?

The Witness: This was a special thing. It is not the way it was carried on the year round.

Trial Examiner: Well, I am speaking of this special thing.

The Witness: The information regarding those men would be made available to at least two mills for their consideration for employment of that man if they could interest him.

Trial Examiner: That is what I was getting to. The information would be made available to mills other than that which the treasurer represented?

The Witness: Yes, sir.

* * *

[2645] Then you have listed several schools. And then various mill names. Now, are those the mills which you suggest that the people from those schools will tour? A. That is right.

Q. And under certain of the schools I see no mills listed. Is there any particular reason for that? A. It is a question there, Mr. Dyer, of geographic location.

* * *

It says: "Following is a list of Presbyterian College graduates hired and retained in the Deering Milliken organization 1945 to 1955, by year and mill:" A. That was addressed to Mr. Oeland, that is right.

Q. Since he was the sponsor of Presbyterian? A. Yes.

* * *

[2646] Now, in preparing this memorandum, did you give information about the college such as you have given here about Presbyterian to other sponsors who had other colleges for which they were sponsors? A. This same general type of report was used for all sponsors, yes.

Q. All right.

Now, you talk about students being interviewed on campus. Were those students that you had interviewed prior to this time? A. Yes.

Q. In other words, this was a follow-up program; is that right? A. Follow-up and intensifying.

Q. Then, is it true to state that prior to this date, March 28, 1956, you had visited and talked with students at all of the colleges listed in this memorandum? A. It is a majority of them.

* * *

[2650] Q. (By Mr. Dyer) Mr. Johnson, Mr. Oeland makes mention of inviting—well, he starts by saying:

"I would like to confirm my telephone conversation of this morning in which I stated that we would extend invitations to the five students whose names you listed to meet with the writer and others of Deering, Milliken at the Mary Musgrove Hotel for luncheon at 12:30 Friday the 20th."

Are the others of Deering, Milliken whom he refers to the names listed below: M. W. Brown, K. M. Lowry, C. G. Johnson, and W. B. Ketchum? A. I am not sure whether that is all of the people he wrote at his various mills for which Deering, Milliken was the sales agent or not, as well as the Service Corporation.

* * *

[2653] Q. Let me put it this way: Where, say, one of the individuals from Presbyterian was invited to both

Laurens and Darlington and neither mill was interested, would the man's name be [2654] circulated to two more mills? A. His name would be circulated to all of the mills in this group for which DM is the sales agent.

Q. I see. A. In the South.

Q. And along with his name would the record of your interview and the recommendations on the man be circulated? A. If I had interviewed him, yes.

Mr. Updike: Is there any evidence that you recommended anybody? I haven't understood that.

Mr. Dyer: I am not talking about recommendations to hire. I am talking about recommendations as to whether the individual had qualifications to be hired.

Q. (By Mr. Dyer) Did you understand me when I was speaking of recommendations that way? A. I answered your question as referral. I referred the names of these men to all the mills.

Q. Where you had an interview with a particular individual—I think you interviewed these people at Presbyterian. You interviewed some six of them? A. Yes.

Q. Would you write up a report of your interview to be circulated to the mills?

Mr. Updike: We have an illustration of one of these things right in the material that you have got.

[2655] Mr. Dyer: I am not sure that is the same thing. I am trying to find out.

The Witness: Each man would be requested to fill out an interview record containing certain information, birth date, and so forth, and name, and I

would add comments to that and circulate it to the mills in a duplicated form.

Mr. Dyer: All right.

Trial Examiner: Circulate copies to whom? Did you say to whom?

The Witness: To the mills for which DM is sales agent.

* * *

[2657] Trial Examiner: GC M-17 is received.

* * *

Q. (By Mr. Dyer) You state in the opening paragraph —well, by the way, the subject is listed as Employment of Undergraduates for Summer Work.

In the opening paragraph you state: "We have been requested to present some information to Mr. Milliken at a meeting April 24, 1956. Will you please fill in the information requested on the attached sheets and return one copy to the Placement Department so we may have it by April 21, 1956, if at all possible?

"It is suggested that we concentrate on Juniors who may be available for employment upon graduation."

Exactly what was the information Mr. Milliken requested? A. That I do not know. This form is filled out. And what was requested would be included in this. Whether this is more than he requested or not I do not recall.

Q. Well, was Mr. Milliken's request made to you or to Mr. Lowry? A. It would be Mr. Lowry.

Q. And did there come a time that Mr. Lowry informed you what information was needed? A. He would tell me in general, yes.

Q. And you prepared the form on the attached page?

[2658] A. I did, or someone in the Department did.

* * *

Trial Examiner: GC M-18 is received.

* * *

[2659] I might ask: Did you write this memorandum, sir? A. Yes.

* * *

[2660] "3. Following the interviews, selected men will be invited to tour several of our mills during February and March at our expense."

At whose expense was that? The Placement Department?

* * *

[2662] In the recruitment program for 1957, one of the main differences is that you added a co-sponsor; is that right, [2663] to the sponsor.

Mr. Updike: Well, I think there are a number of differences, Mr. Dyer. And I don't think it is fair to ask the witness to compare two things a year apart unless he is given an opportunity to go over them in some detail.

Q. (By Mr. Dyer) Well, let's just say one of the differences. Is that right?

Mr. Updike: I will stipulate that that is one of the differences.

Mr. Dyer: All right. Fine.

* * *

[2664] Q. (By Mr. Dyer) Is that a follow-up of number 4 in the previous page?

In other words, where you refer to selected men, do you mean men who have been asking to go on a tour? A. Yes.

Q. All right.

As far as the men are concerned who are asked to go on a tour, was it the Placement Department that asked that these men go on tour, or what? A. I invited them.

Q. All right.

Who else knew of the invitation to the men besides yourself?

Trial Examiner: Excuse me. Which men?

Mr. Dyer: Men who were invited to go on a tour of the mills.

Trial Examiner: You mean undergraduates?

Mr. Updike: Prospective employees; students who are prospective employees; is that right?

Mr. Dyer: Yes.

[2665] The Witness: Who else do you mean? At the school, or what?

Q. (By Mr. Dyer) Who else among the mills? A. I issued the invitation to the mills advising them where they had been invited and advised the various mills after the fact.

Q. In other words, you would invite the men and then you would tell the particular mills to whom they were going to tour that you had invited these men to tour those mills; is that right? A. We would give a list of the men who accepted the invitation.

Q. To whom? A. To the mills they were going to tour; and if any of the other mills were going to have

sales representatives there, they would be given that information too. We would usually carry that to a luncheon or dinner meeting and hand them that list of names.

* * *

[2666] Trial Examiner: GC M-19 will be received.

* * *

Q. (By Mr. Dyer) Is this a further memorandum to [2667] make more definite plans? A. If you will refer back to GC M-18, paragraph number 1, starting at the bottom of the first page and the second, this is clarfying that, or carrying it further.

Q. In the second paragraph you state—and I am referring to GC M-19—"The schools are anticipating this visit so as a schedule has been prepared that we may have from 6 to 8 DM representatives at each school, with the exception of U. S. C. and Clemson where 10 and 15 respectively are scheduled. Each sponsor and co-sponsor has been scheduled to attend from 4-6 of these meetings. Some other members of the organization have been scheduled to attend a limited number of the meetings also."

When you speak of DM representatives, are you referring to DMRC or DMSC? A. I am referring to people from the Research Corporation and the Service Corporation and also to the people from the mills for which Deering, Milliken and Co. is a sales agent.

* * *

[2668] Now, Mr. Johnson, did you make the arrangements for the dinner meetings that were held? A. Yes.

Mr. Dyer: I offer GC M-20, which is a lengthy memorandum, a memorandum with an attached schedules, dated September 24, 1956, from Mr. Johnson, addressed to various mill treasurers, with courtesy copies going to Mr. Lowry, Mr. Minot K. Milliken, Mr. Roger Milliken, and A. R. Schuman.

* * *

Q. (By Mr. Dyer) Let me ask you first who Mr. A. R. Schuman is? A. Mr. Schuman is with Deering, Milliken and Co., Inc. in New York. He was at that time.

Q. Do you know in what capacity he was connected with them at that time? A. He was office manager at that time.

Q. Was he invited to participate in these tours? A. No.

Can you tell me why you sent copies of this material to him? A. Because Deering, Milliken and Company, Inc. would have a [2669] man at the schools recruiting at times. And he would try to arrange to be there at the same time I was there.

* * *

Trial Examiner: I don't know whether this is material, but the question has been asked. This still doesn't explain why this copy went to Mr. Schuman.

The Witness: He would usually arrange the interviewing schedules for Deering, Milliken and Company, Incorporated. This was for information so he could coincide the schedules with my visits.

* * *

[2671] Trial Examiner: GC M-21 will be received in evidence.

* * *

[2672] Q. Now, on the succeeding two pages you have a number of points.

Can you tell us how you arrived at these various points? A. If you will notice on the first page there, Mr. Dyer, it was brought out that the mill personnel can do much to keep the men they want. In the listing of items or factors mentioned in the mills there is some overlapping. "A review of these factors may bring out some points that will be of assistance in your training program."

These are those factors that were brought out by the personnel of various mills.

Q. In other words, this is a conglomeration of all the things mentioned at all the mills; is that right? A. That is right.

Mr. Schoemer: Combination, you mean.

[2673] Mr. Dyer: Yes.

* * *

[2674] Number 40 again states "If there is a trainee a mill particularly wants but cannot meet salary requirements for fear of disrupting present scales, have I. E. D. employ him for six months, with the mill footing the bill."

* * *

[2676] Where would that individual be working? At the DMIED or physically located at the mill? A. The Deering, Milliken Industrial Engineering Department. The Industrial Engineering Department of the Deering, Milliken Service Corporation.

Q. Well, can you tell us how the suggestion would work out when it came down to an actuality? A. It never came to that point.

Trial Examiner: Well, it never came to that; but what isn't clear to us is this: We do not know what you had in mind when you made this suggestion.

Mr. Updike: It wasn't his suggestion. I don't think it could be clearer than that this came from the people in the mills.

Trial Examiner: This is the witness' report?

[2677] Mr. Updike: Compilation.

Trial Examiner: That is right. Report of suggestions made.

Mr. Updike: Yes, sir.

Trial Examiner: And as he reported this suggestion—we are referring now to number 40—what did this mean?

The Witness: "If there is a trainee a mill particularly wants but cannot meet salary requirements"?

Trial Examiner: Yes.

The Witness: If there is a man a mill wanted, and they did not feel that they could offer him a salary that would attract him, they could recommend that the Industrial Engineering Department of the Service Corporation employ him, and then later he could be——

Trial Examiner: Where would he do his work?

The Witness: In the Industrial Engineering Department.

Trial Examiner: Not at the mill that wanted him?

The Witness: He might be there. Or he might be——

Trial Examiner: He might be any place else?

The Witness: That is right.

Trial Examiner: And later the mill might——

The Witness: They could make the man an offer. And if he wanted to accept that offer, then he had the choice to accept or reject.

Trial Examiner: This isn't to argue with you, but we are [2678] trying to understand the language here. The phrase "With the mill footing the bill" doesn't that mean that while he is working for DMIED, as you say, the mill would be paying his salary?

The Witness: That would be another service that the Industrial Engineering Department was performing for that particular mill. But there would be no guarantee that the man would go.

Trial Examiner: Now, it seems to me the mill would be performing the service for DMIED, if the man works for DMIED and the mill foots the bill.

The Witness: The Industrial Engineering Department would have another man available at that time, that is right.

The Trial Examiner: Well, maybe somebody can clarify this.

The Witness: Mr. Examiner, as I pointed out, this was never done; it was a suggestion that was made.

Trial Examiner: We understand that. You have told us this was never done. The question is what does this suggestion, which someone made, and which you set down in this memorandum, mean?

The Witness: It is a potential means of a mill eventually getting a man that they might not have been able to employ otherwise.

Trial Examiner: I can see how such an arrangement [2679] could be worked out. But I don't see how that arrangement is described by point number 40. Perhaps somebody else sees it.

Mr. Updike?

Mr. Dyer: Well, let me ask you if this is true: that a mill would naturally have certain salary amounts that they would offer to a graduate? Now, where a graduate was of particular value and they wanted to go beyond that salary amount, was this a device to get around that point so that DMIED would have him on its payroll for six months and then they could bring him into the mill as an experienced man and be able to pay him a higher salary than they would an ordinary graduate to which they would pay an ordinary entrance salary?

A. I wouldn't say it was a device, but it was a means that that could be done.

Mr. Updike: Was it also a means of getting a man six months experience with IED at the Service Corporation?

The Witness: Of quite valuable experience, that is right.

Trial Examiner: How? At the mill's expense?

Mr. Updike: At the mill's expense, because he was being trained somewhere else for the benefit of the mill presumably.

Mr. Dyer: The mill would be paying the amount of his salary while he was working on DMIED's payroll; is that right?

Mr. Updike: Exactly.

[2680] Trial Examiner: Is that what you had in mind? Would the mill be paying the man's salary while he worked at DMIED?

The Witness: Yes.

Q. (By Mr. Dyer) In other words, the money would be paid over to DMIED, and DMIED would turn around and give it to the man; is that right? A. The Industrial Engineering Department would be reimbursed for the money they paid the man in salary.

Q. All right.

Trial Examiner: Well, what this means to me is something which appears unlikely to me.

So that I am wondering whether I have the incorrect interpretation of this. The mill actually would be losing the man's salary for that period, wouldn't it?

It would not be getting his services. It might be getting an experienced man after he got the experience.

The Witness: It might be like paying a salary while he is going off to college.

Trial Examiner: All right.

The Witness: It is training.

Mr. Dyer: I think the witness also said possibly the man could be back at the mill under DMIED—on a project for DMIED; is that correct?

The Witness: Yes.

* * *

[2681] Q. (By Mr. Dyer) Now, in GC M-22, Mr. Johnson, you mention in the first paragraph the various plans which Mr. Sterling Smith wrote about for minimum

guaranteed weekly income; and in the second paragraph, you state "This plan is the one recommended by the Placement Department. Will you please write advising me if you will use this plan when [2682] employing trainees. We will need this information in the recruiting season that will start this fall."

You also ask for other information.

You state: "Starting salaries for college graduates will probably continue to increase for the 1956-1957 season. Will you also please advise me what starting rate ranges you will offer trainee applicants with Liberal Arts and Technical and Textile Degrees. We will get a better selection of men if our rates are more competitive with the other concerns that recruit. The Placement Department recommends monthly starting salary ranges of $350.00 to $375.00 for Liberal Arts graduates and $375.00 to $400.00 for Technical and Textile graduates."

Can you tell us how you arrived at those rates? Is that what you thought the going rate would be and what you needed in order to meet competition?

Mr. Updike: Who do you mean by "you"?

Q. (By Mr. Dyer) Are those the rates which you thought it would be necessary to offer men in order to meet competition? A. We had the information—we in the Placement Department had information of offers being made to college students all over the country, and this suggestion or recommendation was made on the basis of the trend in general.

* * *

[2684]. Q. (By Mr. Dyer) What amounts were you able to tell prospective applicants would be offered to them?

A. At the schools.I would tell the students that as they visit the mills they would be offered salaries that would vary from one of the mills to another in some instances. And if I recall correctly, in this year we used the figure that $350 will probably be the minimum. At no time was I able to quote "you will get such and such a salary" because it did vary all the time.

Q. Well, did you quote to Liberal Arts graduates that they would probably receive offers between $350 and $375? A. I believe that is correct.

Q. And to prospective graduates from the Technical and Textile graduates, did you quote to them that they would probably be offered salaries between $375 and $400? A. Yes. With exceptions.

* * *

[2685] Q. (By Mr. Dyer) Now, in GC M-24 Mr. Oeland is writing to you and stated: "We here at Darlington would like to get a master mechanic. When the job came open, we took it up with Mr. Bush's department. . ."

That would be the Engineering Department at Deering, Milliken Service Corporation? A. Yes.

Q. ". . . and they recommended Mr. Jimmie Wells who was a second hand at Gaffney. Jimmie came down and we hired him but shortly before he was to move an opening came at New Holland that he felt had better opportunities and he asked us to release him. We again have gone to Mr. Bush's department but at the moment they have no one to recommend for the job.

"We would appreciate your going over the list of the [2686] supervisors in the several mills and let us know if there are any second hands in the shops that the management of the mill feels would qualify for a promotion. We

will try to use this information in going back to management and asking them if they would consider letting us have the particular man. In giving us this information we would appreciate your giving as much detail as you have available on certain men."

Can you tell us what information you have about the "supervisors in the several mills"?

That is referring to the second paragraph of GC M-24. A. In the management development and training program, appraisals were made, and as men were appraised, we made those appraisals out in the Department that had copies of them.

Q. Did you get similar requests from other mills for personnel they needed? A. We would be asked for names of people that the management at the particular mills considered to be qualified for greater responsibilities. Very little came from it.

Q. Now, as GC M-25—well, did you make a separate reply to this letter, sir? A. I don't recall.

Q. GC M-25 refers to a master mechanic. Mr. Bush apparently had discussed the question with you; is that right? A. Mr. Bush and I visited Southern Technological Institute [2687] and saw some men. And at that time he mentioned that Mr. Oeland was hunting for someone for a master mechanic position.

Q. Actually you knew that from GC M-24, did you not? A. Yes.

Q. Did you and Mr. Bush discuss this particular gentleman, Roy Thomas Powell, as being a possible man for that job? A. Evidently we did.

Q. Did Mr. Bush make many visits to the schools with you? A. That is the only one that he ever made that I know of. And he was hunting for some men for his department at that time specifically.

Q. And Mr. Bush in GC M-25 mentions Charlie, referring to you—— A. That is right.

Q. —has sent Mr. Powell's application to you. But I would like to give you my opinion of the man.

Now, in the application that you sent to Mr. Oeland, was anything further included besides just the man's application? A. There would have been my comments regarding the man, written on the interview record.

Q. All right. And GC M-26 is a reply—or it is a letter going to you.

Mr. Oeland states: "I am enclosing herewith the interview record of Roy Thomas Powell with regard to the master mechanic's job we have here at Darlington."

[2688] He states that they want somebody with mill experience. And he concludes: "We want to express to you our appreciation for your help, and trust that some of the other mills can avail themselves of the services of Mr. Powell."

* * *

Trial Examiner: GC M-27 is received.

* * *

Q. (By Mr. Dyer) In this memorandum you refer to a Mr. Wallace, apparently from Woffard College. You state that he is from Darlington and is interested in employment there.

Do you mean at the Darlington Manufacturing Company? A. That is correct.

Q. And then you state he is going in service.

You ask Mr. Oeland: "If you do not have an opening where you can use Mr. Wallace, Mr. Nicholson at Drayton would like to talk with him regarding employment."

Did Mr. Oeland reply to this memorandum? A. I don't recall.

Q. Did you refer the applicant to Mr. Nicholson at Drayton? A. I may have.

* * *

[2690] Trial Examiner: GC M-28 is received.

* * *

Q. (By Mr. Dyer) Now, this memorandum, Mr. Johnson, refers to Mr. Dan Arrowood of the Hartsville Mill having called "this office"—that is, the Placement Department—"and explained that he needed a college trainee who was ready for a second hand's job in the spinning room. He asked that we contact the other mills in the organization to see if they had such a man available.

"If you know of a man who could fill this opening, would [2691] you please contact Mr. Arrowood at your earliest opportunity?

"Thank you very much."

Did you receive similar requests from other mills? A. Occasionally, yes.

Q. Let me ask this: Was it the normal course of events to ask the mills to contact the other mill? Or would you ask the mills to contact you in regard to it? A. The normal course of events was to ask them to let the other mill know.

Q. I see. And were copies of such sent to your department so that your records could be complete? A. They would write saying we have no one, or give us copies of such correspondence, that is right.

Q. Where they did have someone, would they send copies of such correspondence to your department? A. Yes. That was infrequent, but it did happen.

* * *

Trial Examiner: GC M-29 is received.

* * *

Q. (By Mr. Dyer) Now, can you tell us what this list is? [2692] A. That is information taken from an interview record, plus additional information taken from a personal interview where such an interview was conducted. And this information was sent out to the mills for which DM and Company, Inc. is a sales agent for their consideration of the persons listed.

Q. Does the number indicate there were 170 previous such lists sent by your department to the mills? A. Yes.

* * *

Q. Is this a service which continued through 1956? A. Yes.

* * *

Q. (By Mr. Dyer) Where these lists are circulated to the mills, would you sometimes get requests from the mills for further information as to a particular person named on the list? A. Prior to this, Mr. Dyer, it had been understood that if a mill was interested in one of these men they were to make a direct contact with the individual.

Q. Now, these, I notice, were all college graduates; is that right? [2693] A. That is right.

Q. Did any of your lists contain people other than college graduates? A. There might have been a very few. But in the main they were college graduates either just out of college or just completing military service. There were a few exceptions. But the large majority were there.

* * *

[2695] Q. Now, can you tell us how often these lists are circulated? A. There might be three a week or there might be one a month. It depends upon the recruiting season and the number of people who come to the office for interviews.

Mr. Dyer, may I correct a statement I just made?

Q. Yes. A. You said did I ever send out any information regarding an individual who was associated with one of the mills for which DM is sales agent.

Q. Yes. A. On occasions there have been.

Mr. Updike: "In one of these lists" I think was his question.

The Witness: In a special listing?

Mr. Updike: Yes.

Q. (By Mr. Dyer) In a special listing. A. Yes.

Q. What would be the occasion for that? A. There might have been a reduction in operations, an operation cut out, or something like that, and they had no place for the man, and they felt that he had potential. And that would be sent to the mills for their consideration just as if he were a new employee.

* * *

[2696] Q. (By Mr. Dyer) Now, in GC M-31 you refer to a previous letter sent to these mills apparently describing West Point's cooperative training program.

By West Point you refer to West Point Manufacturing Company, I take it? A. That is correct.

Q. "And included were some suggestions that could be followed by the mills in our group to interest capable men presently in high school in the textile industry.

"We are unable to locate a copy of your reply to our re-

quest for your comments on the suggestions we made. Will you please have your secretary send us a copy as we wish to summarize your comments and suggestions."

Can you tell us what the purpose of the summarization was for? A. In requesting information such as this we always tried to [2697] make a summary of the replies that were received.

Q. Now, it was Mr. Milliken who described West Point's cooperative training program to begin with. A. I don't know whether we heard of that through Mr. Milliken or Mr. Lowry or one of the treasurers or what. I may have even heard of it at Alabama Polytechnic Institute where the program was carried on.

Q. Do you recall receiving a memorandum from Mr. Milliken with regard to a visit he made to West Point wherein he mentioned West Point's cooperative training program? A. Mr. Milliken said he either talked with someone or visited, yes.

Q. All right.

Was this letter, this initial request of yours for information, prompted by Mr. Milliken's memorandum? A. It probably was. I wouldn't say for certain.

Q. Was a report gotten up of this information? A. On the West Point's cooperative training?

Q. Well, on the comments and suggestions from the various mills, the various DM Mills? A. There was a summary made of the comments.

* * *

[2702] Q. (By Mr. Dyer) In your earlier testimony, Mr. Johnson, [2703] you referred to JRT and JMT and JIT institutes. A. Yes.

Q. I think you said they were conducted during the war. A. They were started during the war.

Q. They were started during the war? A. Yes.

Q. Did you get requests afterwards say in 1956, for such institutes to be conducted? A. There was one time that we got a request to find out if there was someone available who could conduct such an institute because TWI had gone out of business.

Q. TWI is what? A. Training Within Industry, from the government.

Q. Did you check around and find out if someone could hold such institutes? A. Yes.

Q. Were you able to set up such institutes? A. We found a man who could conduct one, yes.

Q. And did you circulate to the mills that you had a man—that you had found a man who could conduct them and he would be willing to on certain bases? A. That is right.

Q. And did you receive replies from the mills in regard to some of those? A. Some of them, yes.

[2704] Q. And was an institute of that type conducted? A. Yes.

Q. Now, in prior testimony, there was reference to Southern personnel managers' meetings. I believe it was stated that the personnel managers of the Southern DM mills had meetings on some sort of basis.

Did you attend such meetings? A. Some of them, yes.

Q. We have previously referred to the Management Development and Training Program. A. That is right.

Q. Did Mr. Thornton put on a program of such at Darlington that you recall? A. Yes, he did.

Q. And charges were made by the Placement Department for his services in putting on such program? A. That is correct.

Q. In the meetings that you attended of the Southern Personnel Managers can you tell us what some of the topics for discussion were? A. Training, some particular references to college trainees, and if they went in military service the best way to get them back, insurance, unemployment compensation, safety, workmen's compensation, general subjects such as that.

Q. Now, when Darlington was being liquidated, certain of the [2705] supervisory personnel were offered jobs with DMIED or the Research Corporation or other mills. Do you recall that? A. Yes.

Q. And did your Department act as a clearinghouse for those men going to other mills? A. Not entirely, no. We were in on it a little bit. But we were not "the" clearinghouse.

Q. Well, did Mr. Oeland keep you advised as to what the personnel had decided to do? A. In some instances, yes.

Q. And you passed that information on to the affected mills or DMIED or the Research Corporation? A. Where it was pertinent, yes.

* * * *

Trial Examiner: GC M-34 is received.

* * * *

[2706] Q. (By Mr. Dyer) On the first page you explain that the income data for engineers—apparently the engineers in industry—was gotten from the National Society of Professional Engineers.

Now, can you tell us where the information as to the average income of Deering, Milliken College Trainees came from? A. Each of the mills in this group for which DM is a sales agent here in the South was requested to supply this information regarding men who had started with them as college trainees.

Q. And can you tell us who, if anyone—well, can you tell us how this survey was initiated? Did somebody request that such a survey be made? A. This was an annual survey that was made, and it had been made for a number of years, Mr. Dyer.

As I recall it, it was developed to be used at the various colleges to show what men in textiles had done. And it was also given to the mills so that they could show men who visited them what had been done as far as progress being made was concerned.

Trial Examiner: Used as a recruitment aid?
The Witness: As a recruitment aid, yes.

Q. (By Mr. Dyer) And in compiling the figures for the Deering Milliken average income, did you just take the figures as [2707] supplied by the mills and average them out? A. Up to a certain point.

I asked for salaries up to ten thousand dollars and above that they said over ten, and we averaged that.

Q. All right.

Trial Examiner: Aren't they all over ten?
The Witness: Not the ones that they sent to me.

Q. (By Mr. Dyer) Well, let me ask you: the heading is "College Trainees versus Engineers in Industry."

The figures for Deering, Milliken average incomes, were those just for engineers or for all? A. They were for all.

Q. All college trainees? A. That is right.

Q. Now, when Darlington was in the process of liquidation, was your department asked to interview and evaluate the Darlington supervisory personnel? A. There were no interviews made. There were appraisals made.

Q. By your department? A. Yes.

Q. At whose request? A. Mr. Lowry's.

Q. And do you know whether the request initiated with Mr. Lowry? Did he tell you where the request initiated? [2708] A. The only thing I know is Mr. Lowry asked us to make that. Whether Mr. Oeland asked him to do it I don't know.

Q. What did the appraisals consist of? A. Mr. Oeland and his top supervisory personnel appraising the individual's potential and the kind of job they were doing.

Trial Examiner: Is that of all employees or of the supervisory personnel only?

The Witness: The supervisory personnel.

Q. (By Mr. Dyer) Did you take any part in the appraisal at all? A. No, I did not.

Q. What did you do? A. What did I do?

Q. Yes, sir. A. I assigned W. M. Thornton to that.

Q. What did he do in that process? A. Well, he visited Darlington and talked with Mr. Oeland. I don't recall who else he talked with. I know he talked with Mr. Oeland down there and Mr. Goodwin.

Q. As far as you know, did Mr. Thornton have any interviews with any of the supervisory personnel? A. With Mr. Oeland and Mr. Goodwin.

* * *

[2709] Q. (By Mr. Dyer) Did Mr. Thornton include any comments as to the personnel as to the appraisals? A. Well, that was what the appraisal consisted of, a series of comments.

Trial Examiner: Comments of his own?

The Witness: The comments he recorded were based upon what Mr. Oeland and Mr. Goodwin said.

Mr. Dyer: All right.

Q. (By Mr. Dyer) What was done with that appraisal? A. It was reviewed.

Q. By whom? A. Mr. Lowry. I reviewed some of them.

Q. What was done with the appraisal after it was reviewed? A. It was kept in the file.

Q. Was any circulation of it made? A. Not of the appraisal, no.

Q. Pardon me? A. Not of the appraisal, no.

Q. Was any circulation of the results of the appraisal made to any of the other mills or the Service Corporation or the Research Corporation? A. Yes.

* * *

[2710] Q. (By Mr. Dyer) What was done? A. It was circulated. He was a man who had certain information—or he had experience and background and he might be available for employment.

Q. Was that circulated to all the DM mills? A. I don't think so, no.

Q. Do you recall what mills were left out of that? A. Well, a man who has experience in carding, that would go to a mill where they have that particular operation.

Q. Did the Industrial Engineering Department have any part in the review of the appraisal? A. Well, Mr.

Lowry being in charge of the Industrial Engineering Department, reviewed the appraisal.

Q. All right.

Now, do you know whether the Industrial Engineering Department offered to take some of the supervisory personnel at Darlington and place them on the Industrial Engineering Department's staff for periods up to six months? A. I have heard that, yes.

Q. Do you know that as a fact? A. I assumed it was a fact. I heard it was a fact.

Q. Let me ask you this: Was it true it did not take effect in that the personnel so offered took jobs elsewhere? [2711] A. That must have been the reason.

* * *

Q. (By Mr. Dyer) Mr. Johnson, do you recall receiving mill policies on absenteeism from Darlington? A. A mill?

Q. Yes. A. Darlington sent me a copy of some policies. I don't recall that it was on absenteeism.

Q. Did they request that you review it and ask for your comments and suggestions as to the policy? A. It is possible.

Q. Did you receive requests from the——

Trial Examiner: Well, Mr. Dyer——

Mr. Dyer: All right.

Q. (By Mr. Dyer) It is possible, you say, but did it happen? [2712] A. This happened: Mr. Oeland at one time asked me to come down to Darlington and help them develop a policy on some subject. I forget whether it was tardiness or absenteeism or what.

And working with his supervisory group down there we developed a policy for Darlington Manufacturing Company. And subsequent to that, we started the development of a

policy. Subsequent to that I believe he sent me that particular policy for me to look over.

Q. All right.

Were you asked by other DM mills to help in setting up policies of that nature? A. No.

That is the only request I had of that nature.

Q. Did you receive copies of policies of this nature from other mills? A. Only when we requested them.

Q. Did you make a request for the policies of these other mills? A. On occasion we would ask for a particular policy.

Trial Examiner: Who would ask for a particular policy?

The Witness: My department would ask for a particular policy to review, it, and to see what was being done at that mill.

Q. (By Mr. Dyer): Was that in the nature of a survey of the [2713] policies, or what? A. That is right, a survey of policies.

Q. Where you requested a policy from one mill or one corporation, would you request the same policy from other corporations for comparison value? A. I have done that, yes.

Q. Would you make comments to the mills in regard to the policies? A. Well, I remember making a survey on vacation policies.

Q. This was at all DM mills? A. Those located in the South.

Q. What did that survey consist of? A. Taking the policy and going through and seeing the various points that were covered in it.

Q. Did you write a report on that survey? A. I made a summary, yes.

Q. Was that circulated to the DM mills in the South? A. That I don't remember.

Q. What was the purpose of the survey if it was not being circulated to the mills? A. For information to see the variations that existed from one to another.

Q. Well, do you recall who requested such a survey be made? A. Yes. I think in talking with Mr. Lowry, during the summer months there wasn't a great deal of recruiting to do, and he [2714] said why don't you make a survey on some of the policies in existence to see the variations.

Q. Were reports made back to Mr. Lowry on policy variations? A. Yes.

Q. Do you know to whom else those reports went? A. No, I do not recall; it may have been circulated to them. Now, wait a minute. Yes, I do recall. There was a large sheet where we put down the various mills and listed variations and sent it to the mills for——

Mr. Updike: Is this with respect to vacations?

The Witness: Yes.

And we sent it to them for their review. I do recall that, yes, sir.

Q. (By Mr. Dyer) Now, do you recall any other surveys that were made on various policies? A. No. Well, now, we have been talking about these trainees. We were constantly—not a policy, but we were constantly surveying practices followed by each of the mills regarding employment of college trainees.

Q. I am speaking about other policies such as those on absenteeism, or tardiness; did you make any surveys on policies of that type? A. I made no other surveys other than vacation.

* * *

[2719] Q. (By Mr. Janes) Mr. Johnson, I direct your attention to General Counsel's Exhibit M-5 which relates to the trainee agreement and ask whether you as director of your department prepared that trainee agreement. A. Yes.

* * *

[2720] Q. (By Mr. Janes) Mr. Johnson, the usual salary agreement would contain terms of the amount of the salary, days of leave, being away from the plant for various reasons such as you indicate in the second paragraph of this agreement; isn't that so? A. Mr. Janes, this was an agreement drawn up so that we could pay these college trainees in conformance with wage and hour regulations.

* * *

[2725] Q. In connection with the advice or instruction given by the treasurer, was it along the lines that if there was a trainee a mill particularly wanted but could not meet the salary requirements for fear of disrupting present scales that the IED would employ that trainee for a six months period with the mill to foot the bill?

[2726] Mr. Updike: I object to the form of the question. It contains the disjunctive—"advice or instruction".

Mr. Janes: I will amend it to read as "advice".

* * *

The Witness: If you want to call a suggestion advice, I would say yes to that answer. That was a suggestion of a possible way of working a particular situation. It was never done to my knowledge.

* * *

Cross Examination

[2728] Q. (By Mr. Updike) Mr. Johnson, looking at your activities at the placement department in a general, overall way, based on your testimony of yesterday, would you put the activities into groups for the Examiner, please? A. Mr. Updike, the primary function was liaison work with the colleges and universities, making arrangements to visit various institutions of higher learning, going there and interviewing men who wish to talk with me.

Q. May I interrupt for just a second?

Preparatory to the actual interview, is this liaison work designed to produce students to be interviewed? In other words, one segment of work designed to produce persons to be interviewed? A. Public Relations work with the colleges and universities to interest students, yes, sir.

Q. All right, sir. Will you please continue with your interview work and what you did about that? A. Interviewing the students. And after they completed an interview record, taking information from that record, [2729] plus my personal comments, and sending those to the various mills for which D-M is a sales agent.

Q. Now, so that the record will be clear, I show you General Counsel's Exhibit M-29, and I ask you if that is illustrative of the kind of information that you gave with respect to students that you had interviewed? A. That is correct. There were some instances where just a man's name was listed if he said I am not interested in the kind of work that there is available, or things of that type. But this is a good example of the information that was sent out.

Q. What are the next steps, sir, following the sending out of the information? A. There was a certain amount of reporting and statistical information. In the department we attempted to keep track of the men who were employed as college trainees and what happened to them by direct con-

tact with the mill. So, statistical information was compiled and reports made. There was a certain amount of public relations work with high schools, trying to point out to high school students the opportunities that existed in the textile industry and also particularly in this group of our stockholder mills. Most of that work was done at the specific request of a particular mill, or mill treasurer.

Q. All right. To what extent did your activities concern [2730] themselves with what happened to a trainee after he become employed? A. We attempted to keep a record by name of the men who were employed, listing it on a big sheet for each mill, listing what the position was he occupied. Once or twice a year that was checked with the mill. We put on there if he left that mill, or any interesting information about him that would help build up the statistical reports that we prepared periodically.

* * *

[2733] Q. (By Mr. Updike) Now, Mr. Johnson, in the course of reading from exhibits yesterday, Mr. Dyer read a good many phrases of yours such as "our organization", "the organization", "The D-M organization". And I think in one instance he read "The company". Do you recall hearing those? A. Yes.

Q. Then, sir, he also read from General Counsel's M-12. And this appears at page 4 of the exhibit under the section number 2, and the caption "Organization and Size."

I draw your attention specifically to subdivision "A" which reads: "Deering, Milliken, sales agent—28 units with 25 in South" and subdivision "B" which reads: "Mills have kept corporate identities and operate as separate units. Therefore we have advantages of large and small

organization." I also direct your attention to Section 4, subdivision "C" which reads "Men hired by one unit, not Deering Milliken."

Mr. Dyer: Would you complete the phrase?

[2734] Mr. Updike: I will in a moment.

Q. (By Mr. Updike) Now, I ask you, Mr. Johnson whether at the time when you wrote the memoranda, the other memoranda which were read from yesterday, you were aware of the facts, the corporate facts, if you will, with respect to Deering, Milliken and Company, Inc., the various mill corporations, and the Deering, Milliken Service Corporation? A. Yes.

* * *

[2736] The Witness: The answer is yes. In dealing with professors, students, and people from outside these corporations that we are speaking of, I always said Deering, Milliken and Company, Inc. as a sales agent for this group of mills, but that is quite a mouthful to say; and when talking to someone or writing to someone who was connected with one of these stockholder mills or with the Service Corporation or the Research Corporation, I abbreviated.

Q. (By Mr. Updike) The abbreviations to which you just alluded are the phrases such as "our organization" or "D-M Mills" and the others I mentioned a little earlier in my question; is that correct? A. That is correct.

* * *

[2737] Q. Now, sir, I turn to a different topic.

Mr. Johnson, I show you General Counsel's Exhibit M-1, which is a memorandum from you to Mr. Oeland on the subject of the analysis of the supervisory force at Darlington. You recall that you identified this memorandum of recommendations yesterday, do you? A. Yes.

Q. I now show you what purports to be Mr. Oeland's answer under date of October 18, 1955 and ask you if you can identify it. A. I believe that is Mr. Oeland's reply, yes.

Mr. Updike: I ask that it be marked Respondent's Exhibit M-1.

(The document above-referred to was marked Respondent's Exhibit M-1 for identification.)

Mr. Updike: Mr. Examiner, this exhibit is so short that I would like to read it. It is from Mr. Oeland addressed to this witness. It starts out "Dear Charly, will you please forgive my tardiness in not acknowledging before this time [2738] the survey of our supervisory group here at Darlington and suggested steps we should take to improve our situation. This study required a lot of time on your part and was well done. It pointed out to us some of the weak spots in our supervisory set-up. We trust that we can follow some of your suggestions to improve the situation."

* * *

Q. (By Mr. Upidke) Mr. Johnson, you have testified, sir, to the fact that your office endeavored to keep track of

trainees after they had been hired by one or more of the mills? A. That is correct.

Q. Now, I put the word "endeavor" in my question. I ask you whether as a matter of fact in your experience your records [2739] were complete and reliable? A. No.

Q. Now, would you tell the Examiner, please, the respects in which they become out of date or inaccurate? A. Although in the department we had requested that each mill notify us when a man, a trainee was employed, and requested they keep us up to date as to what happened to him, we found that in periodically compiling statistical data that we had to send requests out to the mill putting down the information we have and asking them to correct it and bring it up to date. There were very few instances where information came back to the mill that there hadn't been some change in the information that we had.

Q. Well, now, my question goes to: What were the occurrences at the mill which led to the outdating of your records? A. First of all they may have employed a man that we didn't know about.

Q. Was that a common occurrence? A. Yes.

* * *

Trial Examiner: When you say a man you are still speaking of trainees, are you?

The Witness: Trainees, yes.

The Witness: A man who had been employed may have been terminated. A man who was on the role of that particular [2740] mill may have been offered the opportunity to go to another mill and had been transferred and we would not have been advised. A man might have been promoted in a super-

visory capacity. He may have been, say, an assistant overseer and have been promoted to overseer or some other capacity. He may have been moved from the line organization to the staff organization of that mill and we wouldn't know about it until we requested they supply us with that information.

* * *

[2742] Q. (By Mr. Updike) Well just tell us what happened? The young man, you interview him, you put his record down on a piece of paper. Do you oversee him again? A. I might. But——

Q. Well, you might. But in the ordinary course? A. In the ordinary course of events, no. That information went to the mill. They were to make a direct contact with the man. And if they liked him, they made the job offer, and he accepted, notifying the mill that he accepted. And then the mill was requested to let us know that that had happened.

Q. And sometimes they did and sometimes they didn't; is that right? A. That is correct.

Q. But in any event, in your testifying yesterday with respect to the amounts that could be offered to students, to borrow a phrase, I think from Mr. Dyer's question, did you ever make a specific offer to any student or interview with respect to a job at one of the mill stockholders of your corporation? A. No. I offered a man in my department. But not the [2743] stockholder mills, no.

Q. In other words, where a person interviewed might be a candidate for a job in your department you offered him a job? A. Yes.

Q. But apart from that, and directing your attention to the stockholder mills, did you ever make an offer of

any salary to any of these persons interviewed? A. Not to my knowledge, no.

Q. So that where you were testifying yesterday to amounts of $325 to $350 a month for a liberal arts man and $350 to $375, or whatever the correct figures are in the record, with regard to a man with technical or textile training, those were ranges that might be offered to the young man if he was acceptable to a treasurer? A. Mr. Updike, it would have been impossible to talk with the boys at the school if you hadn't had some idea of the range that the mills were going to offer. And that was the range that they were expected to get at the mills; that is correct.

* * *

[2747] Q. Now, while we are on the topic, you just mentioned the term placement department. How did your department come to have that name, Mr. Johnson? A. Well, when it was first organized, it was organized as I previously testified as a liaison between the colleges and universities and these various mills for which Deering, Milliken is a sales agent. And there was quite a bit of discussion as to what might be a good name for the department. And inasmuch as each college and university has a placement department or someone who assumes the duties that are normally performed by a placement department, we say well since it is a placement department in the college, we will call it a placement department, because it is a liaison with the [2748] colleges. And actually when you think of it with respect to the work that is done by a college, it is a misnomer, because the department did not place. We were a liaison and referall department. College recruitment rather than college placement.

Q. The word "transfer" has been used by you in some of these memoranda. And I am not sure but what you have used it in your testimony as well. Did you ever transfer any employee from one mill to another mill? A. No.

Q. When you used the term "transfer" what set of facts do you describe? A. Mr. Updike, it was one of our sales points in talking with students at schools we pointed out that although they were employed by and would be employees of a particular unit, opportunities might be made available to them at another one of these stockholder mills. And as we described the process, we will say you are working at mill "A" and mill "B" needs someone with your qualification. The head of mill "B" will contact Mill "A" and say, do you have someone who could perform such and such kind of a job. Mill "A" would say yes, and they would send the man over to talk with the head of mill "B".

If the manager of "B" wanted to make the man a job offer, he might do so. If he did, the man might accept or he might not accept. The head of the mill where the man was [2749] working might say I think it is a wonderful opportunity; you ought to go. Or he might say you can go if you want to, but I would prefer that you stay here. It was left up to the individual. But if he did move from one stockholder mill to another, we referred to it as a transfer.

* * *

[2753] *Redirect Examination*

Q. (By Mr. Dyer) Mr. Johnson, in going to the various schools, say in 1956, have you noticed whether the schools post lists of the various companies which are there to interview graduates? A. Some of them post lists. Some of them have other kinds of information. It varies from

school to school. At smaller schools, you may not see anything.

Q. All right. In the larger schools they do usually publish lists of the various companies interviewing? A. They send out to their seniors this information.

Q. And have you seen any of those lists? [2754] A. Yes.

Q. And can you tell us how an interview by you would be referred to on the list? A. As the Deering-Milliken Service Corporation. Placement Department of the Deering, Milliken Service Corporation.

Q. Do you recall visiting Georgia Tech in February, 21, 1956? A. I don't recall having seen that. Mr. Ajax at Georgia Tech sends out an individual notice to each student. They have a student mail box system down there. That is, to each senior. He puts a notice in the mail box regarding the interviews.

Q. Have you seen those notices? A. I may have. I don't recall.

Q. I show you one dated January 2, 1956. On the back page—it is rather beat up—the reference is to "Deering, Milliken."

Mr. Updike: I object to the conclusion of this in this record since it is not something that emanated either from the witness or from any one connected with either of the respondents here.

Mr. Dyer: The witness has testified that the schools put out notices that it is Deering, Milliken Service Corporation.

Mr. Updike: You asked him what his memory was with respect to it.

The Witness: I have seen the Deering, Milliken Service Corporation on some of the notices.

[2755] Q. (By Mr. Dyer) Have you also seen "Deering Milliken" on some of the notices? A. It is possible.

Q. All right. I think you stated you never made an offer to any individual, any individual graduate, a direct offer of a job, is that right? A. I said I made offers for my department, but not for the stockholder mills.

Q. You didn't make any offers for stockholder mills? A. No.

Q. Were you ever authorized by any of the mills to make offers?

Mr. Updike: To college trainees.

Mr. Dyer: To college trainees, yes.

The Witness: There were two mill heads that said if you see an outstanding man, if you feel you wish to you may make him an offer. I never did because I didn't think it was my responsibility. I thought the mill should see him and interview him.

Q. (By Mr. Dyer) Which two mills were those? Do you recall? A. Yes.

Q. Which ones were they? A. Judson Mills where I had formerly worked. And Mr. Asnip. I believe at that time that Mr. Asnip was at Gerrish [2756] Milliken. And he and I had been closely associated over the years.

* * *

[2758] Q. In this trainee agreement you refer to the amount of leave. "You may take up to four days leave."

Is that something that is covered by Wage and Hours? A. It is something I was told within the Wage and Hours Regulations. I did not specify check the Wage and Hour on that.

Q. Mr. Sloan told you it should be covered; is that the idea? A. Yes. He said that that was within the rules and [2759] regulations of the Wage and Hour.

* * *

[2760] Q. (By Mr. Janes) While you were in charge of placement in 1955 and 1956, do you know whether there were any manuals or plant rules at any of the mill corporations that were serviced by the Service Corporation? A. Yes.

Q. At what plants? A. Judson Mills had an employee's hand book. Monarch Mills had an employee's hand book. I know those two. Drayton Mills have an employee's hand book.

Are there any others that you recall, Mr. Johnson? A. Darlington had an employee's hand book at one time. [2761] Whether they had it in 1955 and 1956, I don't know.

Q. Any others that you recall? A. No.

* * *

[2765] Mr. Updike: In view of your ruling, sir, instead of having the witness guess from memory, I will produce the employee booklets, if that is what the question was directed to.

Mr. Janes: The employee hand books of Judson, Drayton, and he mentioned possibly Darlington.

Mr. Updike: Monarch and Darlington if there was one.

Mr. Janes: Thank you very much.

* * *

[2769] Mr. Updike: Mr. Examiner, I would like it to appear on the record that in this luncheon recess we have gotten copies of an employee's hand book, if that is the right designation, with respect to Darlington, and another one with respect to Monarch Mills, which I now produce and furnish to Mr. Janes and Mr. Dyer. We have sent for copies of the Judson and Drayton ones, if they do exist.

Mr. Schoemer: There was no such book at either Hartsville or Gaffney during the time in question. In other words, no employee hand book.

Mr. Dyer: Mr. Phillips, will you take the stand?

Whereupon,

WILLIAM R. PHILLIPS, called as a witness, having been first duly sworn, was examined and testified as follows:

Trial Examiner: Your full name?

The Witness: William R. Phillips.

Trial Examiner: Where do you live?

The Witness: I live in Montclair, New Jersey.

Direct Examination

Q. (By Mr. Dyer) You are associated with Deering, Milliken and Company, is that correct? [2770] A. That is correct.

Q. And in connection with that, after a conference between Mr. Updike, Mr. Schoemer and myself and Mr. Zimny, you were asked to get up some material in regard to what happened to the sales made at Darlington, is that right? A. Yes.

Mr. J. C. Harris asked me to make a study of that subject.

* * *

[2775] Q. (By Mr. Dyer) I refer you to page 3 of the first part of your report. A. Darlington sold some contracts to Monarch, and the item in question, the yarn numbers, filling yarn numbers of 26 might have been started up at Monarch at that time to fulfill those contracts. That may have been the application. I am not specifically certain that 26s were one of the filling yarns necessary to make the type of goods that were represented in those contracts that Darlington sold to Monarch. It could have been.

* * *

[2776] Mr. Schoemer: Well, I would much prefer, Mr. Examiner, if I may, that the witness be asked direct questions about the contracts in question rather than to have any statement of them read into the record by Mr. Dyer.

I think that perhaps you should understand how it happens that we are in the midst of this rather unorthodox procedure today. If I may take a moment I will explain to you how we have come to that position.

The issue that Mr. Phillips has been examining into is basically a two-fold one. What was Darlington's business at the time it was an active, going, concern, and what happened to that business after it ceased to be an active, going, concern.

Now, the answer to those questions is one that can be determined only after an examination of a really mountainous quantity of documents. In connection with the preparation for this case, when Mr. Dyer expressed an interest in pursuing that line of inquiry, and in fact in pursuance of the Union's original offer of proof in this case in which they said

that they would show that Deering, Milliken suffered no depletion in the quantity or varieties of fabrics which might be offered by it; Mr. Phillips was delegated to make the study which resulted in a draft report that he now holds in his hand.

[2777] The report was never put in final form, and basically it is only a set of working papers that Mr. Phillips prepared in order to equip himself for the testimony today. Because I am sure Mr. Dyer will not object if I say that he is not familiar with the details of this problem. Last night I furnished him with a copy of Mr. Phillips' working papers in order to facilitate his direct examination of the witness. I would like to state I did so not in the expectation that those same working papers would be used as a basis for quotations that would be made by General Counsel at this time.

In other words, Mr. Dyer has a right to pursue this inquiry as he is now doing, but the papers which he holds before him prepared by Mr. Phillips in order to get ready for this testimony, it seems, should not be read into the record in that form.

Trial Examiner: Let me say, Gentlemen, if the issue here is whether Deering, Milliken suffered no depletion in the quantity of its orders—is that the issue?

Mr. Schoemer: If you will bear with me, Mr. Examiner, I will get you the exact words.

Mr. Updike: Mr. Zimny's claim on the record.

Trial Examiner: Well is that substantially it?

Mr. Schoemer: Substantially, yes.

Trial Examiner: I am wondering now that

Counsel have [2778] some information if they could discuss that among themselves and see whether they can agree that the information available indicates one thing or another.

Mr. Janes: Where is that statement?

Mr. Schoemer: It is around page 243 of the record.

Excuse me. 247.

Mr. Schoemer: Do you suggest, Mr. Examiner, that we consult briefly with Mr. Dyer and Mr. Janes along those lines.

Trial Examiner: I can see the possibility. What the result will be I don't know. But it may be that figures will lend themselves to a single clear interpretation. And if that be so, we don't need all of these details.

Now I am not suggesting that that possibility will be realized. That might be over-optimistic. But I think it is worth a few minutes consideration.

Let's go off the record.

(Discussion off the record)

Trial Examiner: Let me say on the record: Apparently no stipulation has been arrived at to cover all of this. Has there at least been a limitation or a definition of the inquiry?

Mr. Dyer: Yes, there is a definition of the inquiry as to how far we will go in this attempt. It is a field that is fraught with a number of variables. And we will attempt to limit it.

[2779] Trial Examiner: Very well.

Mr. Dyer: I will disagree with one point previously made by Mr. Schoemer as to the offer of proof.

As far as the inquiry goes in this case, I understand that I am only limited insofar as the Board's order of remand goes and not strictly to Mr. Zimny's prior offer of proof.

Mr. Schoemer: Mr. Examiner, if I may, I will note that Mr. Dyer's position may very well be as stated by him. But from our point of view, when Mr. Phillips started on the task of assembling this information which he now has before him, a task that he began approximately six months ago, we then had as the canon, if you will, for determining the scope of the inquiry what Mr. Zimny had said back in 1957, that the Union intended to prove as to the fact that Deering, Milliken "suffered no depletion in the type and amount of products available for sale by it."

Mr. Dyer: It may be that the inquiry will still come within that. But I am just stating for the record that if it goes outside of that jurisdiction, I do not feel limited to it.

* * *

[2782] Mr. Schoemer: May I say something, Mr. Examiner, since I am responsible for the statement about the mountainous amount of material. I think perhaps a brief review of the steps we took to prepare for these hearings might be in order.

The first step was that Mr. Dyer notified us by letter of his desire to examine the very substantial quantity of records relating to Darlington and various other mills of Deering, Milliken, to the Service Corporation and the Research Corporation. Included among e categories of records which he said he

wanted to inspect were those which would directly relate to the sales made by the various other mills through Deering, Milliken after Darlington went out of business.

As a practical fact, we could have proceeded by accumulating what I have earlier characterized as a mountainous quantity of material and presented them to General Counsel and said here they are. But aside from the fact that the documents will be so voluminous, as so often happens to the untrained eye, they would be largely meaningless. Accordingly, Mr. Phillips was delegated to steep himself in those documents to learn what was in them, and, if you will, to distill from the documents certain ultimate facts. And I stress "ultimate facts" in contradistinction to conclusions.

[2783] Mr. Phillips is now prepared to testify as to what those ultimate facts are. And as I earlier stated, we have furnished to Mr. Dyer a summary of his statement as to what those ultimate facts are. I think you will find, Mr. Examiner, that with perhaps one or two exceptions, which arose during our recent attempts to negotiate a stipulation, that the answers that will be given by Mr. Phillips will not in any sense be equivocal; that he will be able to respond directly to all questions related to this issue as to the past, present and future of Darlington's business.

And I would hope accordingly that by reason of his great familiarity with the various records and his examination into the subject that he would be able to give the kind of information that you are looking for.

Now, if there is any question in your mind as to whether or not the actual records themselves are the best evidence of the facts, then I will say that we will have no objection whatever to making those actual records available. I must point out, however, that not only are they numerous, but they are geographically scattered over the states of the southeastern United States and also in New York City.

* * *

[2784] Q. (By Mr. Dyer) Mr. Phillips, as I understand it, there were four basic constructions which Darlington made which accounted for approximately 72 percent of its production. A. That is correct.

Q. And those are a 37½ inch, 3.90, 99 x 44 poplin; a 40-inch, 3.22, 109 x 46 poplin; a 40-inch, 3.33, 109 x 58 broadcloth; and a 39-inch, 4.17, 80 x 75 print cloth?

* * *

Now, of these four constructions, which of them were being run at either Monarch, Pacolet, or Gaffney at that time? A. At the time of the liquidation, the 37½" 3.90, 99 x 44 poplin was being run by the Monarch Mills; the 39", 4.17, 80 x 76 was also being run by the Monarch and Pacolet Mills. And the other two constructions were not then being run by another mill we represented.

* * *

[2785] Q. Were any of these four major constructions well, did Darlington have contracts on any of these four major constructions which it was not able to complete and which were sold to other mills? A. It had contracts on the 37½" 3.90, 99 x 44 poplin which were not completely filled and sold to the Monarch Mill.

It had some contracts on the 37½", 4.17, 80 x 75 that were not completely filled and sold.

Q. Is that 39" rather than 37½"? A. The poplin is 37½".

Trial Examiner: The first one—excuse me. Let's begin that again. I thought you referred twice to 37½ inch.

The Witness: If I did, I was in error.

The 37½ inch, 390, 99 x 44 poplin was not completely filled. Contracts for that construction were not completely filled by Darlington. And some contracts for some yardage [2786] was sold to the Monarch Mills. Similarly the 39 inch, 4.17, 80 x 76, there existed contracts which were not completely filled. And that construction was also sold—or contracts for that construction were also sold to the Monarch Mills.

* * *

Q. (By Mr. Dyer) Now a third construction was thereafter run at another of the mills; is that right? A. Yes. Subsequently a customer came to us to buy—with an interest in buying the 40" 3 yard——

Trial Examiner: You say came to us.

The Witness: Deering, Milliken, Sales Agent. With an interest in buying the 40" 3-yard 109 x 46 [2787] poplin which had lapsed into inactivity some time before the liquidation at Darlington. And we were able to persuade the Monarch Mills to undertake production of that construction. That was one of the constructions that had been completed in contracts some time prior to the liquidation. It was not an active going construction.

* * *

Q. Well, directing you to this particular cloth, 109 x 46, how long had it been prior to that time that Monarch had run that particular cloth? A. Monarch had not run that specific broadcloth—I am sorry—poplin prior to the liquidation of Darlington. Nor had any other mill represented by Deering, Milliken. It was a new fabric in the market, so to speak.

Q. How long was it after the liquidation of Darlington that Monarch started up on this cloth? A. It was a relatively short period of time. I believe it was a month or two.

* * *

[2788] Q. All right. Now let me direct your attention to the 40-inch, 333, 109x58 broadcloth; did Monarch in 1957 start making that particular cloth? A. Yes, they did.

Q. So subsequently to Darlington's liquidation the two cloths that weren't being made by any of the other mills at that time were picked up by Monarch and run. Is that right? A. Yes. But Monarch had been characteristic producer of the 109 sley broadcloths for many years prior to the liquidation.

Q. Not actually made that particular cloth. But had made similar cloths; is that the idea? A. We consider everything within the same sley and pickage requiring the same equipment as one basic fabric.

We might make 80 squares in widths from 27 to 60 inches or even 80 inches wide. But we consider it all the same construction.

Trial Examiner: Well what specifically was the difference or were the differences between these two constructions [2789] as we have described them here which Monarch started to make in 1957 and the related constructions as you have indicated which Monarch made before then?

The Witness: The difference of width only. The manufacturing equipment required was exactly the same.

Q. (By Mr. Dyer) Let me, Mr. Phillips, direct your attention to your chart No. 2 which is attached to the "A" part of this memorandum.

Actually Monarch had not made any broadcloths of the 109 variety or even of the 100 or the 112 variety or even the 80 variety since 1954; is that right?

Or 1953 was the last year it made any of the broadcloths? A. That is correct.

Q. As to the 99x44 poplin, Darlington produced that poplin from 1951 through its liquidation; is that right? A. That is correct.

Q. Monarch produced that poplin—or, was it the same poplin?

Was it the 37½ inch poplin or a different width poplin that Monarch produced, as shown in your chart? A. Chart 2.

Q. Chart 2, yes.

It would have been the same style but possibly a diffrent width; is that right? [2790] A. Yes.

Q. All right. They produced that style poplin in 1952 and 1953 but did not produce it in 1954 or 1955, and came back in 1956, is that right? A. Yes.

Q. Now, the amount that Monarch had of this order in 1956, was that a transfer—excuse me—was that a sale of one of Darlington's orders to it? A. No.

Or perhaps in part. The actual sales pattern was such that the Monarch Mill prior to the known liquidation of Darlington's made sales on its own of a quantity of these poplins in the amount of around 600,000 yards.

Q. Is that the order that you refer to somewhere in here as being placed on September 21 and September 24? A. Yes.

Q. Now is it true that this order was placed at Monarch at that time by Lowenstein because Darlington could not guarantee that it would be able to produce that amount of cloth since they were in the process of the Directors recommending liquidation and it hadn't been approved yet? A. That is right. The customer wanted to purchase the fabric and we could not guarantee him delivery at the Darlington Manufacturing Company. So he ended up buying them from the Monarch Mills.

[2791] Q. In 1957 Monarch produced about 4½ times as much of this same construction as they had in 1956, is that right? A. Yes. The actual figures are 2,852,000 yards as against 612,000 yards in 1956.

* * *

Q. Let me refer you to Chart 1. Correct me if I am wrong. During 1956 Darlington sold to one customer 4,387,000 yards of a 45-inch, 3.33 weight, 109 x 58. And that is poplin. A. That is a broadcloth.

Q. That is the broadcloth? A. Yes.

Q. All right.

And to another customer they sold the same cloth in the amount of 390,000 yards?

A. That is correct.

Q. To a third customer, they sold that same cloth in the amount of 900,000 yards? A. Correct.

Trial Examiner: Is that 900,000?

Mr. Dyer: That is right.

Q. (By Mr. Dyer) Going back to a different grade cloth of 40 inch 3.65, 100 x 58——

[2792] Trial Examiner: That is not one of these four you were speaking of?

Mr. Dyer: No, sir. This is another.

Let me go to another one first that we have been speaking of.

Q. (By Mr. Dyer) The 37½ inch, 390, 99 x 44, Darlington sold——

Trial Examiner: This is in 1956?

Mr. Dyer: That is right, sir.

Q. (By Mr. Dyer)—180,000 yards of that to a customer.

To this same customer Monarch Mills sold 456,000 yards. And in 1957 Monarch sold 530,000 yards of that same construction to this same customer. A. That is correct.

Q. All right. Now, going back again to the first customer that mentioned on this broadcloth, Monarch——

Trial Examiner: Are you speaking of the one that bought the 4 million and some odd?

Mr. Dyer: Yes, sir.

Trial Examiner: All right.

Q. (By Mr. Dyer) Neither Monarch, Pacolet or Gaffney made that construction in 1956. But in 1957 Monarch did make that construction and sold 10,550,000 yards of that construction to that customer? A. That is correct.

[2793] Q. To the second customer on this same goods where Darlington had sold 930,000 yards, Monarch—neither Monarch. Pacolet or Gaffney made that construction

in 1956. And in 1957 Monarch sold 1,500,000 yards of that construction to that same customer? A. That is correct.

Q. Now to the third customer mentioned, there were no sales of that particular grade of cloth in either 1956 or 1957 by any of the three mills we have mentioned, is that right? A. That is correct.

Q. We have already covered the other one here. Now as to another grade of cloth at 40 inch, three hundred weight, 109 x 46; in 1956 Darlington sold to customer No. Four,—641,000 yards of that.

Mr. Dyer: That is customer number four. I mentioned four different customers.

Trial Examiner: 641,000 yards?

Mr. Dyer: Yes.

Q. (By Mr. Dyer) In 1956, neither Monarch, Pacolet or Gaffney made that construction. But in 1957, Monarch started on that construction and made—was it 29,000 yards? A. Correct.

Q. For that same customer? A. That is correct.

[2794] Q. There was one other cloth, that being a 40-inch, 3.65, 100x58; in 1956 Darlington sold to customer No. two, 69,000 yards of that cloth. There were no sales by either Monarch, Pacolet or Gaffney on that particular cloth to that customer.

And in 1957 Gaffney sold to that customer 855,000 yards of that same cloth? A. That is correct.

Q. Gaffney had made that—well let me ask you: Had Gaffney made that particular cloth in 1956, if you know? A. The records don't record it as Gaffney having made that broadcloth construction in 1956.

Q. All right.

Mr. Dyer: Mr. Examiner, I could make a conclusion here as to this, but I think it might be more proper in the brief as to what this does show, unless you wish it at this time.

Trial Examiner: I would like it.

Mr. Dyer: All right. What I have done is add the constructions which Darlington sold to these customers. That would be to add 4,387,000.

Trial Examiner: Sold to these five customers.

Mr. Dyer: Actually there are four customers.

Trial Examiner: Four customers. Excuse me.

Mr. Dyer: I have added the total amount which I have mentioned, those being 4,387,999, which is in itself an [2795] addition of 930 and 69; 900, 641 and 180. I get a total of 7,107,000 yards.

Now, 7,107,000 yards was approximately during 1956 one-third of Darlington's production, was it not, Mr. Phillips?

The Witness: The records record Darlington produced 22,448,000 yards in 1956. So that conclusion would be about correct.

Mr. Dyer: All right.

Mr. Updike: That wasn't a complete year.

The Witness: That is correct. That was through the point of liquidation. Its normal full annual production would have been greater.

Mr. Dyer: Now I have then added the constructions made by these others in 1957 of this same type of cloth which they had not made in 1956. Therefore I would add the 10,550,000 the 1,500, the 855, the 29, and I have added in the difference. I believe I mentioned this one to you that on the 37½ 390. 99x44 Monarch did make 456,000 yards of that in

1956. Darlington had made 160,000 yards of it. And in 1957 Monarch increased to 530,000. This may not be completely correct. But what I have done is subtract 456 from the 530 which gives me 74, and added that into the figures previously mentioned getting a total of 13,008,000 yards, which is actually an increase of 5,901,000 yards over Darlington's production in [2796] 1956, prior to Darlington's liquidation.

Q. (By Mr. Dyer) Is it a true statement, Mr. Phillips, that most of the constructions, the majority of the constructions in cloth Darlington was running during 1956 was duplicated or being made in these other mills, Monarch, Pacolet and Gaffney?

Mr. Schoemer: In 1956?

Mr. Dyer: In 1956, yes.

The Witness: That is a generally correct statement. That is a very vague answer.

Mr. Dyer: All right.

The Witness: If I could carry it a bit further?

Mr. Dyer: Go ahead.

The Witness: The nature of all of these mills and the nature of the market was such that they all were always doing about the same thing.

* * *

[2798] Q. (By Mr. Dyer) Now to move to another topic, there were some six contracts, as I understand it, which represented approximately 7.8 of Darlington's production which it was not able to fulfill in 1956.

Trial Examiner: That is 7.8 percent?

Mr. Dyer: Yes, sir.

Q. (By Mr. Dyer) Is that approximately right, Mr. Phillips? A. That is correct.

Q. All right. And these contracts for various styles of cloth were sold, four of them to Monarch, one to Pacolet and one to Gaffney? A. That is correct.

[2799] Q. Now, on one of the contracts, the market —actually on three of the contracts, the market had advanced between the time of Darlington making the sale and the time when the contract was sold to the other mill.

First of all let me withdraw that for a moment. Let me ask first were these partial unfulfilled contracts? A. Yes.

Trial Examiner: They were partially fulfilled?

Mr. Dyer: By Darlington, yes.

In other words Darlington had run some quantities of cloth and wasn't able to finish prior to its liquidation. That balance was sold to these other mills.

The Witness: That is correct.

Mr. Schoemer: Well I assume once again—I really don't want to quibble over these things but to say that Darlington was unable to finish these contracts may not be correct. It could have stayed in business and finished them presumably.

Mr. Dyer: Well, yes.

Trial Examiner: Well in view of the liquidation.

Mr. Schoemer: Yes. that is right.

Q. (By Mr. Dyer) Now had there been advances in the market between the time Darlington had taken the contracts and the time these contracts were sold on some of these items? A. Yes, there had been.

[2800] Q. On one of the items, the 99 x 44, had the market advanced approximately a quarter of a cent? A. Yes, it had.

Q. And when the contract was sold to Monarch, did Monarch ask for and get the quarter of a cent difference? A. Yes, they did.

Q. Per yard? A. That is correct.

Q. And did the same thing happen to the 80 square, 170,000 yards of which was sold to Pacolet? Had there been an advance in the market there? A. Yes.

Q. Was that approximately a half a cent? A. Correct.

Q. And did Pacolet receive that extra half a cent from Darlington per yard? A. Yes.

Q. Now on the last one that I note here, Darlington had had a contract with I think Acme Quilting for an 80-inch 3.25 weight 60 x 46 cloth; is that right? A. 81 inch, 3.20, 60 x 46.

Q. Was it 81 or 80 inch? A. 81.

Q. And Darlington's contract had been for an 81 inch cloth? [2801] A. Yes.

Q. To a quilting company, if I am not mistaken? A. That is correct.

Q. And none of the D-M mills were making that particular cloth at that time? A. That is correct.

Q. Were you active in the sales department at that time? A. Yes, I was.

Q. And as I understand it, efforts would be made to interest outside companies in taking the balance of that contract without success? A. That is correct.

Q. And finally——

Trial Examiner: When was this that the efforts were made?

Mr. Dyer: At the liquidation of Darlington.

Trial Examiner: Thank you.

Q. (By Mr. Dyer) Finally the customer was asked if he would take a slightly different construction being made at Gaffney at that time; is that correct? A. That is correct.

Q. And the different construction was a little bit heavier cloth with—54 x 52 construction rather than 60 x 46 construction? A. That is correct.

[2802] Q. Now Gaffney did take that——

Trial Examiner: Well did the customer agree? You left us with the customer being asked.

Q. (By Mr. Dyer) The customer did agree to take that construction? A. He was persuaded to change, yes.

Q. All right. And the cloth that Gaffney was making was priced at higher than the one Darlington had been making? A. No. Gaffney was unwilling to take on the changed construction at the price that Darlington had been willing to sell at, and asked for and negotiated a compensation of two cents per yard.

Q. Was Gaffney actually making that construction at that time? A. They were making an 81 inch, 310, 54 x 52. The customer was persuaded to accept that construction. But there was a difference in price of the contract that existed at Darlington and what Gaffney had been able to sell for, so that they required a compensation of two cents a yard.

Q. In other words Gaffney was able to sell the fabric they were making at two cents a yard more than Darlington had been able to sell its construction at? A. The sales agent is in the middle of a mill who is having difficulty fulfilling a contract, and a mill who is making something near it. And

the mill making something near it would [2803] not undertake the contract even with the changed construction at the price relationship that existed. He couldn't afford to. The market had changed. They had been able to get a higher price for their construction. It was a heavier piece of goods.

Q. (By Mr. Dyer) Well ordinarily there would be a higher price for the construction Gaffney was making as against the construction Darlington was making because it was a heavier piece of goods, is that right? A. Yes.

Q. All right. So there was a 2 cents differential which Darlington paid for the customer receiving those goods from Gaffney; is that right? A. Yes.

Q. Now, following 1957 Gaffney did make a cloth of the same weight with two picks more, is that right?

Trial Examiner: When you say "same weight", you mean same as what? Same as Darlington's or Gaffney's or heavier?

Mr. Dyer: Same as Darlington's, the 3.20 weight.

The Witness: Yes.

Q. (By Mr. Dyer) And that was made for this same customer? A. Yes, that is right, it was.

* * *

[2808] (By Mr. Dyer) Mr. Phillips, are you familiar with the [2809] chart on spindle activities? A. Yes, I am familiar with it, although I didn't prepare it. The data for its preparation is in the office of Deering, Milliken and Company, Inc., in New York City.

Q. Can you tell us besides the drop of the spindles, as, far as Darlington's liquidation is concerned, were there any

other dispositions—let me rephrase it. Were there any other spindles taken out of activity at any of the other Deering, Milliken mills?

Mr. Schoemer: In 1956?

Mr. Dyer: In 1956 or in 1957.

The Witness: None other than those being replaced or scrapped.

Q. (By Mr. Dyer) Do you know of any? Let's put it that way: A. I know of none.

Q. Now I think your chart indicates that there was a drop in spindle activity among the Deering, Milliken mills from 1956 to 1957; is that correct? A. That is correct.

Trial Examiner: I don't quite understand. I thought the witness had told us that there was no—that no spindles were taken out of—what is the rest of that phrase?

Mr. Dyer: Of the other Deering, Milliken mills. I was referring to mills other than Darlington.

[2810] Trial Examiner: Yes. And no spindles were taken out of—what is the phrase I want?

Mr. Dyer: Out of production.

Trial Examiner: Out of production. Thank you.

Q. (By Mr. Dyer) Now, the 1956 column would represent all the other Deering, Milliken Mills, including Darlington's capacity for the three quarters of a year in 1956. Is that right, Mr. Phillips? A. Yes, that is correct.

Q. And the 1957 column would indicate the spindle activity in all the other Deering, Milliken Mills, excluding Darlington, and whatever, if any, spindles were taken out

of activity at the other mills? A. That is correct. One column shows the total industry, and the other shows the total of mills represented by Milliken.

Q. Well, I haven't come to the industry column yet. Now the industry column for 1957 shows a decline over 1956 as well, is that right? A. That is correct.

Q. Now, the decline in capacity, according to some calculations made by Mr. Updike here, using a ruler for a scale—

Mr. Updike: It isn't a measurement of capacity, it is a measurement of spindle hours in use.

Mr. Dyer: That is of activity or capacity—not capacity; or activity.

[2811] Mr. Updike: Activity. All right. I will buy that.

Q. (By Mr. Dyer) The measurement of activity, made by Mr. Updike here—and I think you saw that—is not directly attributable to percentages. But the spindle activity drop in the Deering, Milliken mills as a whole was some 12 units from 1957 to 1956; is that right? A. May I see the figures?

(Document shown to the witness)

The Witness: That is correct.

* * *

[2816] *Cross-Examination*

Q. (By Mr. Schoemer)

* * *

[2817] Q. (By Mr. Schoemer) Would you please briefly describe to us the records that you actually examined

in the course of the preparation of this report and charts? A. I examined two phases of records, the first relating to the production of different fabrics at the mills, and different yarns at the mills, at each mill by visiting the mill and developing the exact data from their records. I then developed the balance of the data relating to sales in the sales office, each of those records being kept at the separate location.

Q. How much time was spent in this work, Mr. Phillips? A. An aggregate of some 300 to 350 manhours were spent in assembling the report.

Q. How much of that is your time? A. About 150.

* * *

[2818] Q. Mr. Phillips in 1956 were you employed as—or were you employed as a salesman in the print cloth department of Deering, Milliken and Company? A. Yes. I was Merchandising the print cloth made at Pacolet Manufacturing Company, and I was also active in general sales of print cloth.

Q. At all plants of the Pacolet Manufacturing Company; sir? A. Yes. My sales activity encompassed both print cloths and drills, twills and sheeting.

Q. During that same year, did you come in contact at all with the sales of the products of Darlington Manufacturing Company? A. Yes.

A number of the accounts that I sold bought constructions we were making at Monarch—or rather making at Darlington.

* * *

[2825] Trial Examiner: Back on the record.

Computation has been made of the percentage drop in spindle activity from 1956 to 1957. And all

Deering, Milliken Mills, so-called, the percentage drop using 1956 as a base is 7 percent.

At all mills in the industry, using the same base, the percentage drop is 5.1 percent.

* * *

[2829] Q. (By Mr. Schoemer) Can you approximate for us, Mr. Phillips, the percentage of Darlington's 1955 production which those same four constructions comprised? A. Approximately 50 percent.

Q. Your answer is approximately 50 percent? A. Yes.

Q. So that the four particular styles about which Mr. Dyer asked you in 1956 amounted to 72 percent of Darlington's production, and in 1955 amounted to 50 percent of Darlington's [2830] production, is that right? A. That is approximately correct, yes.

Q. Is such a fluctuation a characteristic of the industry? A. Yes. And was more truly characteristic of Darlington. Their fluctuation from year to year in fabric types was very substantial. It was not so true of the other mills we represent.

Q. Well, for example, then, so far as Monarch Mills is concerned, to cite an example, you wouldn't expect to find as wide a fluctuation? A. No.

Q. Or in the case of Pacolet? A. No, you would expect to find virtually none.

Q. Or Gaffney? A. Virtually none.

* * *

[2832] Q. Now, I would like to turn your attention to the subject on which Mr. Dyer asked you some questions, which is the so-called unfilled contracts of Darlington.

Now, I think the point is clear, is it not, that on all of these contracts Darlington—I will withdraw the question and start it another way.

So far as the 99 x 44 poplin is concerned, that was the item on which Monarch Mills took over the performance of Darlington's contract, is that so? A. Yes.

Q. And that is also the item on which orders were accepted for Monarch Mills after September 1, 1958, but before Darlington actually ceased production. Is that also true? A. Yes, that is correct.

Q. No, you have already testified, I think that this [2833] particular style of poplin is a staple fabric? A. Yes, it is.

Q. And as such I would assume that constant requests are being made upon Deering, Milliken as the sales agent for quotations of prices and for orders on fabrics of this kind, is that correct? A. Yes, that is correct.

Q. Now, do you know it to be the fact, Mr. Phillips, that such prices were being asked for and such orders were being tendered to Deering, Milliken in September of 1956? A. Yes, that is a fact.

Q. Do you know which customer was involved? A. A number of customers were involved, principal among them were Lowenstein and American Bleach Goods.

Q. Was Lowenstein a large customer in terms of total production of cloth from Deering, Milliken? A. Probably our single largest account.

Q. And is American Bleach Goods also a large customer? A. They are.

Q. Now, at that time, I would assume from what your testimony was before that had it not been for the uncertainty that was existing at Darlington as to its future, these particular orders would have been offered to Mr. Oeland at Darlington, is that correct? A. They would have been, yes.

[2834] Q. And that in view of those uncertainties, the offer was made to another mill, Monarch Mills; is that also correct? A. Yes, sir. With some pressure from the customer.

Q. What do you mean by "pressure from the customer"? A. They want to keep as great a number of sources for a staple fabric to keep the price negotiations in their favor, so that in the particular instance involved Lowenstein was anxious for us to keep offering him a poplin and kept pressure on us to work out a situation where we would sell him poplins.

Q. You are saying Lowenstein could have bought that poplin somewhere else? A. Yes. There are at least four to seven other mills from whom they were buying it at that time. We were one of several suppliers.

Q. One of several regular suppliers to Lowenstein? A. That is correct.

Q. When you say "we", you mean Deering, Milliken? A. That is correct.

Q. Now, during this same period of time, was Deering, Milliken in a position to offer the 109 x 58 broadcloth? A. No. At the time that Darlington ceased production, we had a desire to sell but no mill willing to produce.

Q. I think the fact will generally be conceded to be that Darlington ceased production some time in November of 1956. Was that the date you had in mind when you gave that answer? [2835] A. Yes.

Q. Had Darlington been producing the 109 x 58 broadcloth between, let us say, September 15, 1956 and November 1956? A. Yes. They were finishing up their contracts.

* * *

[2839] Q. (By Mr. Schoemer) Mr. Phillips you will recall during yesterday's testimony you were asked to obtain

certain information relating to quantities of fabrics or poundage of yarns and also relating to the number of spindles at the various mills. Taking up the first of those categories, have you since yesterday's session compiled figures relating to the poundage of yarns produced? A. Yes. I have compiled the pounds of yarns produced at the mills represented by Deering, Milliken.

Q. Which mills, Mr. Phillips? A. The mills involved in the sale of carded cotton fabrics.

Q. For what years do you then have those figures? A. I have them for 1955, 1956 and 1957.

Q. Now, will you first state the figures as they have been compiled for all of these mills? And I assume that these figures will include Darlington? A. Yes, they do.

Q. For the year 1955 and 1956? [2840] A. In 1955, the total production was 56,387,000 pounds. In 1956 the total production was 59,701,000 pounds.

Q. And you, if you have done the arithmetic, what is the difference for the two years? A. The difference is a total of 3,323,000 pounds.

Q. And that 3,323,000 pounds represents the increased production of carded yarns at all the carded mills, including Darlington in the two years in question; is that so? A. That is correct.

Q. And which are those mills again? Would you name them, please? A. The mills are Pacolet Manufacturing Company, Monarch Mills, Gaffney Manufacturing Company, and Darlington Manufacturing Company.

Q. And those are the only so-called carded mills that sell through Deering, Milliken, is that correct? A. That is correct.

Q. Now, the term "carded mills" is in the sense in which we are using it synonomous with print cloth mills; is that correct? A. That is correct.

Q. Now what is the figure for 1957? A. In 1957 the total production was 58,466,000 pounds.

Q. And how much is the amount of decrease there? A. The decrease is 1,235,000 pounds.

[2941] Trial Examiner: That is over 1956?

Mr. Schoemer: Yes.

Trial Examiner: That was what?

Mr. Schoemer: What is the difference?

The Witness: 1,235,000.

Q. (By Mr. Schoemer) Now, have you obtained those same figures, Mr. Phillips, for the same group of mills other than Darlington for the years in question? A. Yes, I have.

Q. And what are those figures—

Trial Examiner: Are these totals for the three?

Mr. Schoemer: These are totals for the three years for the three other corporations other than Darlington.

The Witness: The total in 1955 for the mills represented less Darlington was 48,655,000 yards.

Mr. Schoemer: You mean pounds?

The Witness: Pounds, excuse me.

Q. (By Mr. Schoemer) And for 1956? A. 1956 the total was 53,822,000 pounds.

Q. An increase of how much? A. 5,167,000 pounds.

Q. And for 1957? A. Total production was 58,486,000.

Trial Examiner: Naturally it was the same.

Mr. Schoemer: Yes.

[2842] Q. (By Mr. Schoemer) And the amount of increase there is how much? A. 4,644,000 pounds.

Q. So that for the years 1956 and 1957, there is roughly the same increase in total poundage at those mills over the previous years, is that correct? A. Yes, just a little shy.

Q. In other words, Mr. Phillips, over the span of years that we have been talking about here, there is a relatively constant rate of production increase at the mills other than Darlington in total yarn poundage? A. That is correct.

Q. Now, if you know, what was the principal cause for that particular increase in the years in question? A. The increases that are recorded here were primarily the result of modernization programs, higher-speed equipment in the mills involved.

Q. Now, Mr. Phillips, let's turn to the subject of number of spindles which I think is another item on which Mr. Dyer asked you to get some evidence.

Can you tell us the number of cotton spindles at the mills selling through Deering, Milliken, including Darlington, for each of the years in question? That is, 1955, 1956 and 1957? A. Yes. Those totals are as follows: In 1955 the total [2843] spindle figure is 571,134. In 1956 the figure is 609,072. And in 1957 the total figure is 588,910.

Q. Now do these figures apply to the same group of mills that we used to give the poundage figures? A. No. they include the Hartsville, Drayton, and Judson Mills, which we also represent.

Q. But include cotton spindles only at those mills, is that correct? A. The figure is related to production of cotton yarns only.

Q. Now, do you have any supplemental figures to give with respect to the amount of spindle activity which was

discussed yesterday trying generally to measure the rate of increase or decrease in the Chart that you were examining at that time? Do you now have the exact figures? A. Yes, I do.

Q. Will you give those, please? A. The chart we refer to was shown yesterday and showed the percent of activity of mills represented by Milliken to the total activity in the industry. The reading of Milliken percent activity in 1956—that is, the mills represented by Milliken—was 95.3 percent.

* * * *

[2845] Q. (By Mr. Schoemer) Will you give us the like figure for 1957, please, Mr. Phillips? A. 88.6 percent.

Q. Now Mr. Phillips, when we recessed yesterday afternoon I believe we were talking about the history of the 109 x 58 broadcloth. And you were describing the arrangements that had been made with Stein-Tex for the cancellation of the contract for Darlington to produce yardage of that construction. Do you recall that? A. Yes, sir.

Q. As I recall it, the testimony was that the contract was cancelled with the customer or rather the contracts, plural, were cancelled with the customer; that no allowance was made to the customer on one contract, and that an allowance was made with the other contract; is that correct? A. That is correct.

Q. Just to make sure we have the point clear, would you once again give the figures on that? A. The total unfilled yardage on contracts was 1,100,000 yards. [2846] 900,000 yards was cancelled with a one-half cent per yard allowance to the customer. 200,000 yards were cancelled with no allowance.

Q. So that in the case of the contracts with this particular customer for the 109x58, unlike the case involving the 99 x 44 poplin, the contract was not sold in your phase to any other mill; is that correct? A. That is correct.

Q. Now how long a period of time did you say elapsed before another mill began producing the same construction? A. Approximately six months.

Q. Which mill was that? A. It was the Monarch Mills.

Q. Now, during that six months interim, was Deering, Milliken able to offer any 109 x 58 broadcloth? A. No, we were not.

Q. Because none of it was being manufactured by any of the mills; is that correct? A. That is correct.

Q. During that same period of time, if you know, was the customer, Stein-Tex, purchasing amounts of that particular style? A. Yes, he was.

Q. Did you know from whom? A. I know from personal friendship with the salesman [2847] who handles the account.

Q. Well I take it in any event that the source of his supply was one or more mills other than Deering, Milliken? A. Yes. Stein-Tex was buying at least 20 million yards a year or greater of the 109 x 58 broadcloth and was buying then from at least two or more other mills. We were one supplier. I believe that the Inman Mills of Canton and Turner-Halsey, the Arcade Mills, were two of his suppliers.

* * *

[2848] The Witness: Yes. The market volume on 109 by 58 broadcloth was increasing substantially, as was the volume of activity of Stein-Tex as a company. He has been growing very rapidly.

So that in moving into 1957, the sales agent was very anxious to continue to get business from this

account, who was a large purchaser from other mills represented by Deering, Milliken in the extent of approximately 4 million yards in 1956 with a corresponding jump to around 10 million in 1957. So that we were finally able to get a firm bid from Stein-Tex [2849] which we then used as a means of persuasion to get the Monarch plant to agree to run this fabric construction.

* * *

[2860] Q. (By Mr. Schoemer) And the total yardage produced by Darlington in 1956 was how much? A. 21,707,000 yards.

Q. So that of your 91.8 figure, representing contracts filled or settled by Darlington with the customer, approximately 4 percent represents the contracts settled with the customer, is that correct? A. That is correct.

Q. Now, as to the contracts that were transferred to—transferred or sold to other mills, I believe that we have already discussed the 99x44 poplin sold to Monarch. Now, is it the fact that certain contracts within the range of 80 square styles were also sold to Monarch? A. Yes, that is correct. There were two constructions in this category.

Q. Now, how much yardage was involved there? A. A total of 330,000 yards. And those two constructions are the 39-inch, 4.17, 80x76—I am sorry, I made an error in the figure I gave you.

Q. Yes. Will you correct that?

Trial Examiner: Are these other constructions sold by Monarch?

Mr. Schoemer: Sold by Darlington for which outstanding contracts were in force with Darlington in the fall of 1956 and in which case the contracts were completed by Monarch.

[2861] In other words, Darlington sold these particular contracts to Monarch. And the styles that were concerned were in the 80-square range.

Q. (By Mr. Schoemer) Would you identify the styles again please, Mr. Phillips? A. The first part of my answer was incorrect as it now stands on the record.

The correct answer is: There are two constructions in this category: The 40 inch, 4.16, 80 x 72, a contract amount of 180,000 yards, and the 41 inch, 4.12, 78 x 76, these two contracts total 330,000 yards and were sold by Darlington to Monarch Mills.

Q. All right. Did I correctly use the term that these styles, Mr. Phillips, are in the range of 80 square print cloths? A. Yes, sir, that is correct. They are what we class as 80 square fabrics.

Q. Can you tell us what Monarch's production in 1956 and 1957 of the same range of print cloths was? A. In 1956 Monarch's production of 80 square fabrics—80 square-type fabrics—was 15,236,000 yards. And in 1957, their production was 21 million—excuse me, I am giving the wrong figures.

Monarch's production is 1956 was 11,862,000 yards. And in 1957 was 7,179,000 yards.

[2862] Q. And the Darlington Contracts that it took over and completed amounted in all to 330,000 yards, is that correct? A. That is correct.

* * *

[2866] Q. (By Mr. Schoemer) Now, Mr. Phillips, have you caused an investigation to be made of the records of Deering, Milliken and the various mills with respect to purchases by those firms which were the largest customers, so far as Darlington's production was concerned? A. Yes, I have.

Q. And have you in particular examined the records pertaining [2867] to purchases by Darlington's ten largest customers in 1956? A. Yes, I have.

Q. How much of Darlington's——

Trial Examiner: Excuse me. When you say the "largest customers of Darlington's production", you mean Darlington's largest customers?

Mr. Schoemer: Yes.

Q. (By Mr. Schoemer) How much of Darlington's production did those ten customers purchase in 1956? A. 55 percent.

Q. How many other customers were there? A. There were 58 other customers who accounted for the balance of the production.

Q. Which I take to be 45 percent? A. That is correct.

Q. Thank you. Now, have you examined into the purchases made by those customers from Deering, Milliken for periods of time subsequent to the closing of the Darlington Manufacturing Company Plant? A. Yes, I have.

Q. Now, will you please tell us how many of those ten customers increased in 1957 their total purchases from Deering, Milliken as against 1956? A. Only three increased.

* * *

[2871] Q. (By Mr. Schoemer) Mr. Phillips, in the course of the examination of the records to which you have referred, have you accumulated information showing the purchases made by these ten largest Darlington 1958 customers from other carded cotton mills represented by Deering, Milliken? A. Yes, I have.

Q. Now, do the figures which you have assembled represent the sales through Deering, Milliken of the production of these other mills in fabrics which are generally speaking competitive in the market with the fabrics that were manufactured by Darlington in 1956 and earlier years? A. Yes, that is correct.

* * *

[2884] The Witness: Yes. You asked what the total was of those firms. And in 1956 their total purchases from mills we represented was 53,196,000 yards.

Mr. Schoemer: All right.

Q. (By Mr. Schoemer) Now, can you give us the similar figure for 1957, having in mind that that figure, unlike the 1956 figure, will not include any production for Darlington? A. That figure is 44,403,000 yards.

Q. Now I believe you have testified, Mr. Phillips, that seven of the companies that you have identified as Darlington's principal ten customers decreased their purchases from Deering, Milliken of this type—of these types of fabrics in 1957, is that correct? A. That is correct.

Q. And were they the first seven listed on the list of customers that you just gave? A. Yes, they were.

Q. And are we to conclude from that that the other three customers increased their purchases from Deering, Milliken? A. That is correct.

Q. Now will you indicate first of all the amount of decrease for the first seven customers collectively, 1957 as against 1956? A. That decrease was 17,360,000 yards.

[2885] Q. And perhaps you had better also state the total purchases for two years by that group of seven? A. The total purchases in 1956 were—I believe I have stated

a figure in thousands that should be correctly stated in millions.

That decrease was 17,360,000 yards.

Mr. Schoemer: You said that.

The Witness: The total then in 1956 was 34,008,000 yards. And in 1957, 16,648,000 yards.

Q. (By Mr. Schoemer) Now, the 1956 figure that you have just given—to make the point doubly sure—included Darlington; is that correct? A. That is correct.

Q. And we have estimated that the purchases—well, no we have not, excuse me. I withdraw that.

Now, as to the remaining three customers on your list of ten, will you please indicate there the 1956 and 1957 purchases? A. The 1956 purchases were 19,188,000 yards. And in 1957, 27,755,000 yards.

Q. Stein-Tex, of which we have heard a good deal this morning is on that list of three, is it not? A. That is correct.

Q. And approximately three-quarters of the net increase for those three firms is to be ascribed to the increased 1957 [2886] purchases by Stein-Tex of the 109 x 58 broadcloth, is that correct? A. That is correct.

* * *

[2890] Now, Mr. Phillips, one final question: To your knowledge at the time Darlington ceased taking orders for print cloths in the fall of 1956—or I guess in September of 1956—was that fact generally known in the trade? A. Yes. The news was published in trade papers.

Q. And is it a fact that concurrently with publication of that news, and as word got around in the trade, there was general competitive activity in the direction of those firms

who had been Darlington's largest customers? A. Yes. The competitors who knew they were up against Deering, Milliken selling a Darlington fabric naturally went after a bigger share of that business.

Q. Plus, in fact, Deering, Milliken itself may have done it another time when some other cotton textile mill has gone out of business? A. That is correct.

Q. In other words it is the general pattern of sales activity in the business that when any mill ceases operations everybody moves in and tries to get hold of its business, is that correct? A. Absolutely.

Q. And that happened here? A. Yes.

Q. Now, have you any basis on which to estimate the extent to which that competitive activity was successful in the case [2891] of Darlington? A. It is difficult to measure the great number of other mills who were competing in this area. So my answer to your question is I don't know how to measure it. It was going on.

Q. That you do know? A. Yes.

Q. But in fact there is no way to determine precisely what success that competitive activity had, is that so? A. That is correct.

Q. However, you are—or you do have some information as to the success of the competitive activity with respect to the 109 x 58 broadcloth, do you not? A. Yes.

Q. That being the instance of Stein-Tex that you have testified to this morning? A. That is right.

Q. And do you know it to be the fact that—well let me put it this way first of all: It was known in the trade that Darlington was a producer of this particular type of cloth, was it not? A. Yes, it was.

Q. And do you know it to be the fact that as soon as word of Darlington's possible dissolution hit the market, so

to speak, that the other mills producing the same or competing kinds of cloth immediately began to try to sell their products [2892] to those customers which had bought Darlington's production?

Mr. Dyer: May I have an objection to that question, sir, I don't see how this witness can say that he knows what other firms were doing in contacting the customers.

Mr. Schoemer: Well I asked him if he did know. I am sure if he doesn't, he will say so.

Trial Examiner: Well we may want to explore the basis. To say he knew is a conclusion. You may want to explore the basis of his knowledge. I will let him answer the general question.

Q. (By Mr. Schoemer) Do you recall the question, Mr. Phillips? A. Yes. The question was did I know what other mills were doing at the time the news of Darlington's possible dissolution was announced in the trade?

Yes, in the sense that the customers like Stein-Tex and others were aware of the news, and they are being called on by the salesmen of other sales agents and mills and it was a matter of discussion. I mean everybody in the market knew. You couldn't help but know. And we were well aware of the fact that offerings were being made to our customers, and our customers wanted answers from us as to what was going to happen so they could react to these offerings being made by the competition.

It was a matter of general knowledge of every one in the [2893] normal course of business.

* * *

[2894] The Witness: Yes. Intensified their pressure. You see the possibility of gaining additional business, so you put on all the extra pressure you can. More calls, promises of potentially lower prices, every possible selling pressure is used.

Mr. Dyer: And were the customers of Darlington telling you that this was happening from the others?

The Witness: Yes. Let me explain.

A good example is the 109s. That amount of broadcloth wasn't just picked up by another mill. It required an effort for the mill to get it and a definite plan on the competitive mill's part of how they were going to handle the business. So that they had to develop a program on their own of picking up an additional yardage from zero to "x" million that suddenly existed. The competition in the trade knew about what Darlington was making and they recognized that as a new potential.

That meant that in their own mills they would have to put something else out to take this in. The profit opportunity existed in these 109s. They moved in to get it.

* * *

[2897] Q. (By Mr. Schoemer) One final point, Mr. Phillips: What was the total yardage in the 12 contracts sold by Darlington to the other mills? A. The total yardage was 1,830,000 yards.

Q. And what at that time was the approximately weekly production of those mills to which these contracts were sold? A. About 6 million yards a week.

Mr. Schoemer: No further questions.

Trial Examiner: Excuse me. The total weekly production at that time of what?

Mr. Schoemer: Monarch, Gaffney and Pacolet.

Trial Examiner: Of those mills only?

Mr. Schoemer: Yes, sir.

* * *

[2898] Mr. Schoemer: Mr. Examiner, this morning we produced and gave to Mr. Janes a copy of the employees' booklet at Judson Mills. We have now received the one which is issued to employees at Drayton Mills. And I hand the copy to Mr. Janes and Mr. Dyer.

William R. Phillips resumed the witness stand and testified further as follows:

Redirect Examination

Q. (By Mr. Dyer)

* * *

[2907] Q. Mr. Phillips, would it be a fair statement that as far as filling numbers go, Darlington's range of filling numbers was extremely limited in comparison with the filling numbers run by these other three companies? A. Yes. It was a much smaller mill. That question and answer, however, didn't strike the point.

* * *

Q. (By Mr. Dyer) You testified this morning that of the [2908] eight customers whose contracts were sold, five of them decreased in total contracts with Deering, Milliken; is that right? A. Yes.

Q. I think one of them you mentioned was Acme; is that right? A. Yes.

Trial Examiner: Well I am wondering is it five or six? Or am I considering the wrong——

Mr. Dyer: Excuse me. You are right. It is six decreased and two increased.

Q. (By Mr. Dyer) And of the six mentioned, one was Acme? A. Yes.

Q. Now, Acme in 1956 had a contract with Darlington for some 500,000 yards—rather for some 640,000 yards, of which 140,000 was transferred to Gaffney. And it also had a contract for 300,000 yards with Monarch; is that right? A. That is correct.

Q. Now, Monarch went down to only 50,000 yards the following year, 1957, with Acme; is that right? A. No that is not correct. Well, yes that is correct, I am sorry. It dropped from 300,000 to 50,000.

Q. All right.

And Gaffney, which picked up only—it is starting—the starting point was 140,000 with Acme. That is, the balance [2909] of the Darlington contract. And the following year went up to 690,000 yards; is that correct? A. The total of business was that figure, yes.

Q. That was all on double width goods? A. Yes.

Q. Whereas the Monarch contract was on single width goods? A. That is correct.

Q. So that when you say that the volume decreased. It decreased because Monarch got 250,000 yards less contracts with Acme on a cloth not made at Darlington at that time? A. That is correct.

* * *

[2910] Q. (By Mr. Dyer) Mr. Phillips, in the figures you gave this morning you gave the total number of spindles and also the pounds of yarn produced. Now, as I under-

stand it, those have very direct relations in that the spindles along with the spindle activity would necessarily mean the pounds of yarn produced. A. Well, not exactly. The pounds of yarn we gave you this [2911] morning were the exact production of the mills in question here. The spindle activity reduced to a percent here—you can't work the percent against the pounds I gave you and be working with two likes.

Q. Well, the number of spindles has a direct bearing on the number of pounds of yarn produced; is that right? A. Yes.

Q. Where you have got "x" number of spindles, they normally can produce "x" pounds of yarn. A. Yes.

Q. Now, I understand from the conversation with you that this would not necessarily mean that consequently "x" yardage of cloth would be produced, because of the variance in the styles of cloth and in the weights of cloth; is that right? A. That is right.

* * *

[2913] Q. Do you remember what the broad general trend was on print cloths in 1956 and 1957? A. I would say the trend was to lighter weight print cloth.

Q. An increase in the number sold, or what? A. I don't think that the total yardage in the market went up any substantial amount.

Q. That is in 1957 over 1956? A. My recollection is that it was a little less.

Q. In other words, then, broadcloths went up a bit, and print cloths came down a bit? A. Yes.

* * *

Q. And your mills would follow the market pattern too, wouldn't they? A. Would sell what the market used, yes.

* * *

[2914] ROGER MILLIKEN called as a witness, having been first duly sworn, was examined and testified as follows:

Trial Examiner: What is your name?

The Witness: Roger Milliken.

Trial Examiner: Where do you live?

The Witness: Spartanburg, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Mr. Milliken, you were the president of Darlington Manufacturing Company at the time of its liquidation, is that right? A. Yes, sir.

Q. And at that time your office was located in Spartanburg, South Carolina? A. Yes, sir.

Q. And that is the office from which you operate, both as President of Darlington and in your other capacities as [2915] President of other mills, and as President of Deering, Milliken; is that right? A. That is my main office, yes.

Mr. Dyer: Mark this General Counsel's N-1.

(The document above-referred to was marked General Counsel's Exhibit N-1 for identification)

Mr. Dyer: Mr. Examiner I now offer what has been marked General Counsel's No. N-1, being a memorandum from Roger Milliken to various mill treasurers, and to various people at the service corporation, and I believe at the service corporation, dated November 14, 1956.

Trial Examiner: Any objection?

Mr. Updike: No objection.

Trial Examiner: General Counsel's N-1 is received.

(The document above-referred to, heretofore marked General Counsel's Exhibit N-1 for identification was received in evidence)

Q. (By Mr. Dyer) This memorandum was prepared by you, Mr. Milliken? A. Yes, sir.

Q. Now, attached to it, according to the memorandum, is an article from November 8 issue of America's Textile Reporter. "I am sending it to you in case you have not had an opportunity to see it."

There is also attached a piece of paper which is a [2916] quote, apparently, from the South Carolina State Chamber of Commerce Newsletter. Was that also included in this memorandum to the people named? A. I can't tell that, Mr. Dyer, from this covering letter.

Q. This is as it appeared in one of the files, I think, at Darlington? A. Well then it probably was.

Q. All right. Now, in addition to the article from America's Textile Reporter, there is also on the right-hand side of the last page an editorial. This you also selected to be sent along with the article; is that correct? A. Yes, sir.

Trial Examiner: Is that clear on the copy that you have?

Mr. Dyer: I am afraid sir, it isn't much clearer than the copy that you have. I think you can read at the top "Editorial."

Trial Examiner: I can't. That is the reason I asked. I see the letter "e" in the upper right-hand corner. That is the page, isn't it?

Mr. Dyer: Yes, sir.
Trial Examiner: Is that word there "editorial"?
Mr. Dyer: I believe it is.
Trial Examiner: All right.
You may proceed.

(Discussion off the record)

* * *

[2917] Q. (By Mr. Dyer) Now, as to the editorial itself, Mr. Milliken, you read that, and I think you said you had that reproduced along with this for sending to these various mills and DMSC? A. Yes. I think it was in the same issue as the article itself.

Trial Examiner: Are we speaking of the——
Mr. Dyer: The two page article on the back.
Trial Examiner: I realize that. But this editorial was part of the Chamber of Commerce thing.
The Witness: No. It was in this same issue of the American Textile Reporter as the article headed: "The Darlington Situation Becomes Object Lesson to all Concerned."

Q. (By Mr. Dyer) As far as the article is concerned, in your memorandum you state: "It is apparent from this article that this magazine made a real investigation in Darlington. And for that reason I think the article is interesting. While this article shows that the Union leaders definitely misled the people, it also points out that the mill was negligent in its public relations.

"I hope that you will read this second part of the article carefully and review in your mind the steps that you are taking to bring about an understanding of your mill and its problems in your community. The Unions are going to be

making a tremendous drive all through this area. And there are few [2918] things that are more important to us than making sure that the leaders in your community understand and are sympathetic to what you are trying to do."

I take it from that that after reading this article that it was your wish that the various treasurers read this article and be guided by it? A. And take advantage of the recommendation that the person who wrote this article felt was a desirable thing for all textile mills to do when they were faced with a problem of making work assignment changes in order to be competitive, namely, to be sure that the people in the community, the leaders, realized the competitive nature of the textile business and the necessity in order to survive of lowering costs, in that when they did put in new machinery in order to lower the costs they would know why the mill was doing this and that it was something that others in the textile industry were also doing, and that in order to keep abreast of this progress in increasing the productivity, it had to be done.

Q. Turning to the editorial for a minute, did you subscribe to the comments made in the editorial?

Mr. Updike: Well do you want to take them one by one or do you want to take all of them? It is a pretty large article.

Q. (By Mr. Dyer) Well it is a one column article.

[2919] Mr. Updike: The editorial. You mean the righthand column?

Mr. Dyer: Yes, on the last page.

Mr. Updike: The last page of the photostat?

Mr. Dyer: Yes.

The Witness: That has a lot of different statements in here, Mr. Dyer.

Q. (By Mr. Dyer) Well there are a number of different statements in there. Are there a number that you agree with? A. May I read them one by one?

Q. Yes. A. Which one do you want me to start with?

Q. Why don't you read the whole article if you can, Mr. Milliken, and then we will see.

Trial Examiner: Are we referring now to the editorial?

Mr. Dyer: The editorial, yes.

Mr. Updike: Right-hand column, last page of the photostat.

The Witness: I can't read the top of my copy.

Trial Examiner: "It seems that the people of Darlington, South Carolina have suddenly come face to face with the—" something— "—labor management problem."

The Witness: What kind of labor management problem?

Mr. Updike: I think it is "basic".

Mr. Dyer: The next line is "Who is going to manage." [2920] "We concede that stockholders of a corporation such as the now liquidated Darlington Manufacturing Company being the proprietors of the company select the management of the mill and expect that the management shall——"

Trial Examiner: I am afraid we will have to wait.

Mr. Dyer: I think so too.

Trial Examiner: I think we should note on the record in connection with this reference to waiting that the original is not here but available. And we

expect it in a few minutes. We will take a 10-minute recess.

(Whereupon, a recess was taken)

Trial Examiner: I think it would be a good idea since we have read about half of this portion which isn't clear to continue on for the balance of that and have it in the record.

Mr. Dyer: All right.

Trial Examiner: Let's start with "Darlington Manufacturing Company."

Mr. Dyer: "—being the proprietors of the company select the management of the mill and expect that this management shall allocate the job, delegate the wages and sell goods at a profit. We further contend that the community has a certain responsibility to see that such a cooperative civic climate will exist as to assure the proprietors of the company a fair competitive chance. If the people of Darlington knew anything of the Deering. Milliken record they would know that that [2921] management does not intend——"

Trial Examiner: I think that is enough.

Mr. Updike: May we finish out the sentence?

Trial Examiner: Sure.

Mr. Dyer: "—intend an unprofitable division, nor has it intended to share the prerogatives of management with labor union leaders."

Q. (By Mr. Dyer) Now, the paragraph goes on, Mr. Milliken; and the writer describes what has happened at other locations, and states what he knew would happen at Darlington.

Now, the question that was before you was: Did you subscribe to the statements of this editorial writer? A. Not all of them, no, sir.

Q. But you did pass the full editorial around without making any comments as to the editorial, did you not? A. I did.

Q. Now, getting back to this for a moment, you stated that you did subscribe to some of the statements. Can you point at those to which you did not subscribe?

Let's put it the other way: What did you subscribe to in this editorial comment? A. Well, I subscribed to the fact that "the stockholders of the Darlington Manufacturing Company, being the proprietors of the company, select the management and expect that this management shall allocate the job."

[2922] I don't know what he means by "delegate the wages."

So, if you will construe that for me?

Q. I cannot construe it. You are the one who adopted it. A. Well, I don't know what he means by that, except the responsibility——

Q. Of setting up wages. Do you imagine that is what he meant? A. I would imagine so. And I would agree with that. And he says "sell goods at a profit."

He goes on to say "We further contend that the community has such a responsibility to see that such a cooperative civic climate will exist to assure the proprietors of the company a fair competitive chance."

I did not believe that the community has such a responsibility. I believe it would be very desirable if the community did have such a feeling. And it was the purpose of this letter, as I have stated before, with its enclosures, to urge upon the treasurers of the mills with which I was con-

nected that they do their best to see that such an understanding by the community take place.

"If the people of Darlington knew anything of the Deering, Milliken record, they would know that that management does not intend an unprofitable division"—that doesn't make English—"nor has it intended to share the prerogatives of management with labor union leaders."

[2923] I don't know what that means.

Q. Which part of it do you not understand?

Mr. Updike: Well it is in two parts. He said he didn't understand either one.

Q. (By Mr. Dyer) That is what I am getting at. Did you mean you did not understand either one of them or both of them? A. I don't know how the people of Darlington could know anything about Deering, Milliken and Company, Inc., nor do I know how they could be privy to knowledge about the financial affairs of the mills for which Deering, Milliken and Company was the selling agent.

So I can not subscribe to that.

Q. He states: "If the people knew—". He does not state "the people did know" or "should know". A. He said, "If the people knew anything of the Deering, Milliken Company, they would know."

I don't know how they could have known it. I don't think you can assume the conclusion.

"Nor has it intended—" —I presume that means Deering, Milliken— "—to share the prerogatives of management with labor union leaders."

Deering, Milliken and Company has never had a contract with labor union leaders.

Q. I don't think he refers to Deering, Milliken and Company.

[2924] He just refers to Deering, Milliken presumably meaning the various mills. A. Well then, I coudn't agree with that because that was not the fact.

Q. What wasn't a fact? A. That Deering, Milliken and the mills were one and the same thing. Which is what I thought you just said.

Q. I say apparently he took Deering, Milliken as meaning the mills. As you know—you have been here most of this time—there have been repeated references both in correspondence and otherwise to the Deering, Milliken mills? A. That is correct.

Q. And I would presume what was meant there would be the Deering, Milliken mills. Now, in that light, what is your assessment of that?

Mr. Updike: Well he is asking him to speculate in part at least on what the man may have intended by this reference.

If you want to ask him a direct question paraphrasing the editorial I am sure he will be glad to give you his best answer.

Mr. Dyer: If I didn't do that, I intended to do that.

Q. (By Mr. Dyer) Considering the phrase as meaning "Deering, Milliken Mills", what is your answer? A. Well, I don't see how they could draw such a conclusion, [2925] because it is a matter of fact that Lockwood Manufacturing Company in Maine, which isn't mentioned here, was a company that sold through Deering, Milliken for a great many years. For a period of fifteen years it was a unionized operation. And, therefore, to assume that anyone could draw the conclusion about prerogatives of management or labor union leaders, if they had known about this long situation at Lockwood, I don't think would follow.

Q. Lockwood was eventually liquidated, was it not? A. When it became unprofitable and was losing at the rate of 400,000 dollars a year, it was liquidated by its directors and stockholders.

Trial Examiner: Well if we are going to go into Lockwood, tell me some more. How long was it unionized?

The Witness: For a period of about fifteen years, sir.

Mr. Updike: I think the record already shows about August or September of 1955.

Mr. Dyer: All right.

Trial Examiner: That is when it was liquidated?

Mr. Updike: Yes, sir.

Q. (By Mr. Dyer) As to the Lockwood Mill, it had sold through Deering, Milliken for that same length of time, fifteen years? A. And for much longer than that, yes, sir.

Q. Did Deering, Milliken and Company own stock in that [2926] mill throughout that period? A. They owned some stock in that mill throughout that period.

Q. When it was liquidated, did Deering, Milliken own the majority of the stock in that company? A. Deering, Milliken Company did not.

Q. Did you, along with Deering, Milliken and Cot-Wool, own a majority of the stock in that company?

* * *

[2928] The Witness: I could give an answer to that. There was little if any change in the percentage of interest that [2929] Deering, Milliken or I or members of my family had in the Lock-

wood Manufacturing Company over a period of a number of years prior to the time the stockholders voted to liquidate.

Q. (By Mr. Dyer) Was that a majority interest? A. I don't have those figures before me at the present time. And I don't honestly know.

Q. All right. A. It was a large interest. Whether there was a majority interest or not, I do not know.

Q. All right. Would you proceed with the editorial, sir? A. Yes, sir. The next is "This has been the case for three generations of Milliken operations."

I think that is not a correct statement. It would be my belief that there was never any labor union problem, if that is the proper way to describe it, in the time of my grandfather.

So that statement wouldn't be correct.

Then it goes on "When the Madison Woolen Mill at Madison, Maine, became not only unprofitable but unionized, Mr. Gerrish Milliken liquidated it, although the Cowan Farnsworth Mill in the State of Maine still operates and must, therefore, be profitable."

First of all, the stockholders of the Madison Woolen Company voted to liquidate. And there were a large number [2930] of stockholders of the Madison Woolen Company.

The Madison Woolen Company had been unionized for four or five years and operated under union contracts prior to the time when the stockholders voted to liquidate it.

The specific instance that brought about the calling of a stockholders' meeting and the stockholders' decision to liquidate was that management had purchased 44, I believe, of new looms, automatic looms, to replace the non-automatic

looms that were in the mill. And when they arrived in the mill and management asked the employees to run an engineered assignment on these looms, similar to that which was being handled by competing mills in the rest of the State of Maine, the operatives of the weave room at Madison walked out.

All of the other employees in the mill also walked out. And the stockholders and directors took that as an indication that the people in the mill would not cooperate in trying to reduce costs. They felt it was, therefore, foolish to operate in an old wooden building, which it was, which would have had to have been rebuilt and modernized, and that the expenditures involved did not justify continuing. And they voted to liquidate the operation.

Q. Now, let me ask: did you or your family, through your various interests, have a majority of the stock of that company? A. Yes, we did.

[2931] Q. All right. Now would you continue? A. "When the Dallas Manufacturing Company of Huntsville, Alabama became unionized, the Milliken's liquidated, contrary to the opinion of many local people that such would not be the case."

That is incorrect. Dallas Manufacturing Company of Huntsville, Alabama, like three other textile mills in Huntsville, had been unionized for some time. There were a great many stockholders in the Dallas Manufacturing Company. After the mill had been on strike for a period of some six months they decided that as stockholders that it did not justify continuation because of the situation as regards labor as they saw it, and also because of the fact that this was an old mill; that it manufactured wide sheetings. The wide sheetings were finished at a bleachery in Wappinger Falls, New York which was some six or seven hundred miles

distant from Huntsville, Alabama. It was one of the few instances where a sheeting bleachery was not adjacent to the sheet plant itself.

Therefore, there was an added cost of transportation that had to be figured into the cost of goods, and with the cost of transportation steadily increasing, they felt that that was an economic consideration over and beyond the labor strike situation, and that the two put together militated [2932] in favor of liquidating the corporation and the same thing took place at or about the same time at another mill in Huntsville and three or four years later another mill also voted to liquidate because of the labor situation in that community.

Mr. Janes: Mr. Trial Examiner, may I interrupt at this point to ask a single question to piece out this story so that we will have it at this point on the spot?

Trial Examiner: Yes

Mr. Janes: Mr. Milliken, was it not a fact that that the Dallas situation, the company had been asked to discuss provisions of a contract and that management had refused to do so unless the union had assumed responsibility for the strike?

Mr. Updike: I don't understand the question myself.

Mr. Janes: May I rephrase it?

Shortly before the liquidation, did the company refuse to discuss any provisions dealing with a contract with the union until the union had assumed responsibility for the strike?

The Witness: Mr. Janes, I don't remember. I was not an officer of the company. It was many, many years ago. I was a director.

Q. (By Mr. Dyer) Did you or your family through various interests control the majority of stock at Dallas Manufacturing Company? [2933] A. I don't know. It was a large interest. Whether it was the majority or not I do not know. But there were many stockholders.

* * * *

[2934] Q. (By Mr. Dyer) Now, would you continue with the editorial, sir? A. "We ourselves are small shareholders in Darlington; and from experience and acquaintance, we knew the minute the union election vote was announced we would receive a call for a special meeting to vote for liquidation."

I could not possibly know what Mr. Bennett knew when he wrote the article.

Mr. Updike: If Mr. Bennett wrote it?

The Witness: Yes, if Mr. Bennett wrote it.

Q. (By Mr. Dyer) Does Mr. Bennett customarily write all the editorials of this magazine? A. I think he writes a great many of them.

Q. Do you know whether or not he wrote this one? A. No, I don't. I just assumed it.

Q. Was Mr. Bennett a shareholder in Darlington? A. He says here that he was.

Q. Do you recall him being such? A. I don't know——

Mr. Updike: The stockholder's list is in evidence. We can verify it.

[2935] Mr. Dyer: No.

The Witness: There was a Bennett. I think it was his son, Mr. Dyer.

Mr. Dyer: All right.

The Witness: "We know something about the effect of mill losses to a community having lived through hundreds of them in the northeast."

I assume that that is a fair statement.

"On the other hand as one of the owners of Darlington, even though an infinitesimal percentage of those shares is held in our name, we could do nothing other than vote to terminate the operations of the company, if management responsibility was going to be shared with the Textile Workers Union of America."

It is my recollection that whatever stock was owned by the Bennetts was voted in favor of liquidation.

Q. (By Mr. Dyer) Now, when this memorandum was sent to the individuals as shown on the front page, you did not attach to this memorandum, did you, a summary of the comments which you have just made discussing the points with which you did disagree? A. I remember that all I sent out was the letter that you have here, Mr. Dyer.

Mr. Updike: I assume Mr. Dyer was asking a rhetorical question, Mr. Buchanan.

[2936] Trial Examiner: Mr. Dyer was underscoring testimony which we have already had.

I have noted that the editorial was passed around without comment. And I think I got that only from the witness.

Q. (By Mr. Dyer) Mr. Milliken, do you recall reading this quotation from the South Carolina State Chamber of Commerce? That is the second page? A. Yes, sir.

Q. And this was, therefore, —after reading it you decided to include it with this memorandum? Is that correct? A. Yes, sir.

* * *

[2943] Q. (By Mr. Dyer) Mr. Milliken, is it your testimony now that you do not recall sending copies of General Counsel's N-2 either to Deering, Milliken or to any of the mills? A. No, sir. I said that I might have sent this to the directors of Darlington who were located in Deering, Milliken and Company in New York.

Q. You might have, but you don't recall doing so? A. I think I probably did.

Q. Did you send copies of this to any of the other mills? A. That I do not know.

Mr. Updike: Will you strike out "other"?

Q. (By Mr. Dyer) Did you send copies of this to any of the D-M mills? A. I don't remember, sir.

* * *

[2944] Q. (By Mr. Dyer) Mr. Milliken, let me ask this: Did you send copies of various brochures to—I am referring to one in particular, something called "Mainspring of Human Progress" to the various high schools and universities and college teachers in the State of South Caolina? A. Yes, sir.

Q. In what capacity did you do that, sir; just as an individual or as President of Deering, Milliken or what? A. Well, I sent it over a personal letter, over a personal letterhead.

Q. All right. Did you also make available to the various mills copies of this same brochure? A. Yes, sir.

It is not a brochure. This is a book called "The Mainspring of Human Progress," by Henry Grady Weaver.

Q. Were you, as such, on the lookout for books or manuscripts or brochures to send to the mills on a topics which you thought would interest them? A. We were talking about sending them to school teachers.

Q. Yes. But did you also send things like that to the mills?

[2945] Trial Examiner: I think you told us you also sent this to various mill treasurers. Was that the question?

The Witness: This was a book which dealt with the free enterprise system and what it had done whenever it had been allowed to operate freely in the history of the world. And as such, I thought it was of basic interest to all persons to whose attention I could bring it.

It is published by the Foundation for Economic Education which is located just outside of New York. Of which I am a Trustee.

* * *

Trial Examiner: General Counsel's N-3 is received.

* * *

Q. (By Mr. Dyer) Mr. Milliken, this memorandum was sent to the various mill treasurers, is that correct? A. Yes, sir.

Q. And this was in connection with a bill about lowering tariffs; is that right? [2946] A. Yes, sir.

Q. I note that there are four names at the bottom which appear to be some of the mill treasurers who received courtesy copies. Was this also directed to various plant managers as well as treasurers? A. It was, yes.

Q. And in this you ask them to write to the President and Sherman Adams about this bill; is that correct? A. That is correct.

Q. You also state in the second paragraph: "This is also to remind you to please see that as many of your employees as possible write to their senators pointing out to them what great jeopardy our textile industry will be in if any action is taken to reduce the tariff, paving the way

for more Japanese goods to come into our market."? A. That is correct.

Q. Did you receive reports from the plant managers and treasurers as to their action taken in this regard? A. I don't remember. I believe some of them wrote to me and told me what they had done and some did not.

Q. All right.

The next paragraph states: "In this connection, I would like to suggest that you order from the Textile Information Service through the ACMI, Charlotte Office, copies of a booklet they have prepared called "Danger Ahead for [2947] your Job."

"This book is extremely well prepared and I would like to suggest that you distribute one to every employee.

"The whole situation is a matter of life and death to our industry. And I hope that all of you can be as successful as Garland Simmons"—who is Garland Simmons? A. The Treasurer of the Drayton Mill.

Q. "—was in getting your employees behind a letter writing campaign program to the Senate. A thousand letters were written from Drayton to Congress."

You did receive a report from Drayton on that? A. Garland Simmons lives in the same town I live in. He told me what he had done.

Q. Now this booklet which you describe in this pamphlet, was this a free booklet? Or do you know? A. I think not. I think there was a charge for it. Remember, Mr. Dyer, that I testified before that the whole industry was aroused because of the many mill liquidations that had taken place because of the imports from Japan. And I had been asked as President of a number of mills to do everything I could to get as many letters as possible into the Senators and into the White House to urge the further

lowering of tariff and then at the same time other managers were doing the same thing.

Q. Was this to be considered an authorization from you for [2948] the various mills to expend the money necessary to buy these booklets for their employees? A. No, sir. This was urging that they take action to do this and to advise them that there was a booklet available that would help them to sell the store, which is a very complicated one, to the people who I hoped they would encourage to write letters.

Q. You talk about "getting a booklet for every one of the employees." Was it necessary for the plant manager or mill treasurer to have some authorization to expend money for these? A. No, sir. And I think you will remember that it was testified that every treasurer had a minimum authorization of 25,000 dollars which he could spend for capital items with no control over how it would be expended.

Q. Would this come under a matter of expense? A. Yes, sir.

* * *

[2952] Q. (By Mr. Dyer) Mr. Milliken, have you sent other memoranda to the mills urging the treasurers to send telegrams to, in one instance, the Secretary of Agriculture, in regard to the cotton staples? A. Yes, sir. That at the request of our Trade Association.

Q. And did you receive replies from the treasurers as to whether they had sent such telegrams to Mr. Benson? A. No, sir. It wasn't customary for them to do that.

Q. Do you recall that in that memorandum that you wrote to the mills that you set out the style of telegram which you wrote and asked them to vary it somewhat and send one? A. Yes, sir.

(The document above-referred to was marked General Counsel's Exhibit N-4 for identification)

Q. (By Mr. Dyer) Mr. Milliken I show you a copy of a letter addressed to you from Mr. Oeland dated February 24, 1956 which I have marked General Counsel's N-4.

Would you look at it and tell us what it is about? A. Yes, sir. Mrs. and Mr. Oeland went to a precinct [2953] meeting this morning of the Democratic Party. He says he was selected along with Mrs. Oeland as two of the 36 delegates of the precinct to go to the County Meeting and got the resolution approved for this precinct.

He says he did not have time to line up someone in other precincts.

Q. What was the resolution, do you recall? A. It was a resolution against Japanese Imports.

Q. Was it something that you would ask the Treasurers to take to the precinct meetings? A. That the South Carolina Textile Manufacturers Association was trying to get all mills who were members of the Association to work on this in their communities.

Q. And had the request come through you to the various mill treasurers to work on this? A. I guess so, yes, sir.

Q. Did you receive reports from the other mill treasurers similar to this one from Mr. Oeland? A. I don't believe so.

* * *

[2958] Q. (By Mr. Dyer) I take it from this memorandum that you were keenly interested in the problem of securing adequate personnel for the mills; is that right? A. Yes, sir.

(The document above-referred to was marked General Counsel's Exhibit N-6 for identification)

* * *

[2959] Q. (By Mr. Dyer) Mr. Milliken, in the first paragraph you refer to Ken Lowry setting up a 3-day meeting with the heads of the industrial engineering departments of the Technical Colleges in the South. And you give the dates.

You say: "He is explaining our business to them with the hopes that they will be more inclined to recommend to their best engineering students that they come into textile engineering rather than going into electronics or aviation."

Can you tell us whose idea it was for this meeting to be set up? A. I think it was originally Charley Johnson's idea.

Q. To whom did he propose it? To you or Mr. Lowry? A. I think to Mr. Lowry.

Q. Did Mr. Lowry talk to you in regard to the idea? A. Yes.

Q. You told him it would be a good idea? A. Yes. If we could sell the idea that our business was a good business to recommend that their students go into.

Q. Did you tell Mr. Lowry you thought it would be a good idea for him to go ahead with it? A. I did.

Q. This was another effort to try to get better qualified men into the various mills, is that right? A. Yes. Of managerial caliber.

* * *

[2960] Q. (By Mr. Dyer) In other words this was a Deering, Milliken project rather than being an industry-wide project, is that right?

Using the term "Deering, Milliken" loosely? A. May I say in answer to that that at the same time projects industrywide addressed to the same end were also going on.

Q. But this was your own project? A. This was the project of Deering, Milliken Service Corporation, yes, sir.

* * *

[2968] Mr. Dyer: Mr. Examiner, I offer this exhibit marked General Counsel's N-10, being a memorandum to various mill treasurers from Mr. Milliken, dated March 1, 1955.

Q. (By Mr. Dyer) In this memorandum you are concerned with pneumafil equipment? A. Yes, sir.

Q. In the memorandum you state: "In the immediate future we are planning to install a great deal of pneumafil equipment."

Q. Now: "In discussing it with one of the treasurers, he made a suggestion for collection of the waste at the frame rather than at a central spot, his thinking being that it would be easier to control the amount of waste if you could get a frame check."

You complete by saying: "It is my understanding that this can be accomplished with a central station control of the air if that is desired to tie in with your present air condition equipment."

This, I take it, is the suggestion of yours to the mill installation of this new equipment that they might consider having a perfect frame collection rather than a central collection; is that right? A. They were studying pneumafil, as pointed out, and this [2969] was passing along to them without recommendation information that I picked up from one of the treasurers who had made his decision as to the

type of pneumafil that he was going to buy. Which I thought they would be interested in having when the time came for them to make their individual decisions.

Q. You state in the first part "In the immediate future we are planning to install a great deal of pneumafil."

Was this in connection with an improvement program in all the mills? A. The pneumafil company—it is a Swiss Company—had brought out a device which is an air suction device that removes the lint from the drafting element of the spinning frame. And it was equipment that was very rapidly being bought by the entire textile industry because it showed a very high return on the investment.

And this was something that many mills that I was connected with were planning to install, yes, sir.

Q. Now, in regard to equipment of this type, did you attempt to keep some sort of close watch on what was developing in the textile fields that the mills might consider installing? A. No, sir. I made it a habit to pass along in the form of letters like this any information that I picked up from conversation with a treasurer of a mill which I was connected with or any other mill that I visited or any person whom I [2970] happened to meet on a plane or train or at conventions, so that they might have information that might not be—that they might not have picked up some other way.

* * *

[2971] Q. (By Mr. Dyer) The exhibit refers in the first paragraph to the request for capital expenditures.

I think we have had some testimony in the past as to how these requests are made? A. That is right.

Q. Let me see if my understanding is correct?

That when a mill wishes to install an item which would be considered a capital expenditure they make up the form which I think is in evidence in one of the previous exhibits

showing what the equipment is, what the cost of it is, and what the return on investment will be, and submit it to you? A. Can I say that that was as they came to firming up the specifications on the purchase of equipment which had previously been authorized by the Board of Directors.

Q. All right.

Was that the procedure as it is followed? A. That is right.

Q. All right. And in this instance, after receiving a number of these requests for capital expenditures in regard to the installation of a 40 inch section beam, an automatic beam-handling equipment, had noted that it was possible to obtain a very good return on that installation? [2972] A. Could I go back just a minute to be sure I have covered it completely?

Q. Yes. A. The directors at Darlington, when a machinery—when a program of machinery acquisition was presented to them, would authorize the officers, namely, Mr. Oeland and myself, to proceed with that program, if together we agreed it was a—agreed on further investigation and getting the final facts on the cost of it, we together deemed it was an intelligent and proper purchase for Darlington. Which is why it came to me for signature.

Q. Well, was that the same in regard to all of the D-M mills? A. Yes, sir.

Well—yes, sir.

Q. And in this instance, apparently you had noted a good return on a particular piece of equipment? A. That is right.

Q. And you state "I am therefore writing this letter to ask you if you would please make a study of what the return would be on such an expenditure."

These were at other mills which had not made requests for such expenditures, is that right? A. That is right. Or who were in the process of repairing them, yes, sir.

[2973] Q. "Could you please all have this in my hands by February 1st, and then we will review the situation for the whole organization and see whether we cannot work out a very advantageous price with some supplier of this equipment and thus make the returns better than they otherwise would be."

"Please send a copy of your report to Ken Lowry's department so that he can consolidate this information.

Did you receive a consolidated report from Mr. Lowry's department as to this information? A. Yes, sir.

From those mills that were interested in buying it. Not from all mills.

Q. Well, you have certain mills listed here; is that right? A. Yes, but I didn't receive it from all of them, because they decided that they didn't want to buy it.

Q. Did they in the initial part, if you know, consider what their return would be before deciding whether or not to——. A. Well, Mr. Dyer, in some instances there were space limitations and styling limitations which they wrote back to me militated against there even being any point of considering it in their particular mill.

Q. I see. A. So only those mills that felt right off that it had a [2974] chance answered and sent in information to Ken Lowry.

Q. Now, similarly on the same date, if you recall, did you send a memorandum to all the individuals noted except to Mr. Stone on overhead loom cleaners?

Let me show it to you. A. I will be glad to accept the fact that I did.

Q. And here again had you studied the capital expenditures and thought it was a good rate of return and were asking these mills to study that and submit a report to you and a copy to Mr. Lowry's department? A. That is correct.

Q. This was handled in the same way as the other equipment; is that right? A. Yes, sir.

Q. In your memo in regard to loom cleaners, did you also ask the mills to make a study of what you thought—a study of what they thought loom cleaning could do for their mills?

Well, it might be simpler if I just offer this, because I am trying to pick it out piecemeal rather than put it in.

Mark this General Counsel's N-12.

Mr. Dyer: Mr. Examiner, I offer N-12 in evidence.

Trial Examiner: General Counsel's Exhibit N-12 is received.

(The document above-referred to was marked General Counsel's N-12 for identification and received in evidence.)

[2975] Q. (By Mr. Dyer) I refer to the second paragraph:

"I am writing this letter to ask if you will please plan to make within the next couple months a study of what you think loom cleaning can do for your mill, and then what I would like to do is consolidate these in terms of return on the investment.

"We will then have an opportunity to compare the rates at each mill, and if it looks attractive, it may be possible for us to make a deal with some supplier whereby we would get a specially good figure based on a quantity purchase."

This loom cleaning, is that encompassed—does that encompass the overhead loom cleaners which you mention in the first paragraph? Or was that stated to go further? A. No, sir. There were three different manufacturers making, as I remember it, overhead loom cleaning equipment.

Q. My question is: Whether the study of loom cleaning goes further than just the overhead loom cleaning? A. No, no, sir. It means just what return on investment could be made by purchasing equipment—by purchasing equipment for cleaning the looms by blowing air down on them.

Q. You had no idea of other types of loom cleaners in this study? A. No, sir.

Q. Thank you.

[2976] Mr. Dyer: Mark this General Counsel's N-13.

(The document above-referred to was marked General Counsel's N-13 for identification)

Mr. Dyer: Mr. Examiner, I now offer a memorandum from Mr. Milliken to various mill treasurers and I believe managers dated January 17, 1955.

Trial Examiner: General Counsel's N-13 is received.

(The document above-referred to, heretofore marked General Counsel's N-13 for identification was received in evidence)

Q. (By Mr. Dyer) Mr. Milliken, in the opening paragraph you refer to a—"As a result of the very excellent meeting that was held at Gaffney yesterday, it was decided by the treasurers that we would ask Mr. Norton to be host to two meetings which would be held on the same day at Gaffney."

What was the meeting first referred to? A. I am trying to recall by reading this letter.

Q. All right. Go ahead. A. I think it was—at this time all of the—I think this was the result of a suggestion made by the treasurers at one of the meetings that one of the treasurers meetings ought to be held at a mill.

And this meeting apparently—and I do recall it—was held at Gaffney. And all of the treasurers present—and I was present—made a trip through the mill, following which Mr. Norton, the treasurer of Gaffney Manufacturing [2977] Company, called on his overseers to make a statement as to what they had accomplished in the way of new things within the preceding fifteen months or so, or what they were in the process of doing to improve their quality and lower their costs.

And better maintain their equipment.

Q. You go on to say: "It was decided by the treasurers that we would ask Mr. Norton to be host at two meetings which would be held on the same day at Gaffney. One of these meetings would be for all the master mechanics and plant engineers from all plants." A. That was the treasurers asked Mr. Norton at that meeting "would you let the—" —or, "—would you be host to all the master mechanics and have Mr. Cook, your master mechanic report to them what he has done in maintaining the condition of your mill."

Q. All right. A. And the other was a meeting to which would be invited the mills interested in carding activities. And Mr. Holland, the overseer of those activities at Gaffney would tell them what he had told us the preceeding day.

Q. In other words, the second thing as you state will be a discussion of opening, picking, carding, drawing and

roving. And the overseers—— A. That is known as the card room.

Q. And the card room overseers from the other mills were [2978] to attend such meeting with him. A. Well the treasurers said they wanted their card room overseers to go to this meeting and listen to what Mr. Holland had done if Mr. Norton would agree to be host to a meeting for them.

Q. All right, fine.

I take it that there would be an interchange of ideas between the card room overseers from the other mills? A. They would listen to what Mr. Holland had done and visit his card room.

Q. And were the card room overseers from the other mills expected to state what they had done, or was this just—— A. Not at this meeting, no, sir.

Q. Mr. Milliken, was the meeting in regard to card room activities—well let me show this to you.

Mr. Milliken, I show you this memorandum to the various mill treasurers. I think it is dated four days from the previous memorandum. And in this memorandum you talk of the—"opening and picking, carding, drawing, roving, warp preparation and weaving on the 10th instead of the 17th of February."

Is this a different meeting than the one referred to in the previous memorandum?

Trial Examiner: Is that a different meeting, you say?

Mr. Dyer: Yes, sir.

[2979] The Witness: Yes, sir, it is.

Q. (By Mr. Dyer) Let me ask you: in this meeting which you refer to in this memorandum——

Mr. Dyer: Well, let me have it marked General Counsel's N-14.

(The document above-referred to was marked General Counsel's Exhibit N-14 for identification)

Mr. Dyer: Mr. Examiner I offer General Counsel's N-14 in evidence being a memorandum dated January 21, 1955 to various mill treasurers and managers with copies going to members of the Service Corporation from Mr. Milliken.

Q. (By Mr. Dyer) As to this meeting referred to in the memorandum, can you tell us how this meeting was set up and what it was to encompass, Mr. Milliken? A. Well, I think what must have happened is that there is a third letter that is missing here which outlined the purpose of the meeting that is referred to in this new exhibit.

And that that has nothing to do with the other one referred to.

Q. All right. Do you recall what this meeting was? A. I think what probably happened is that at that same meeting that was held in Gaffney on January 16 where each of the overseers of Gaffney made a presentation, the treasurers felt it would be an excellent idea if a meeting could be set up where each mill that was doing carding, drawing, roving, [2980] warp preparation, and weaving would get up before the whole group and in a 30-minute period briefly say what they were doing so that all those who attended would have the benefit of the experience of those mills who were speaking on the program.

Q. Do you recall whether or not you wrote the memorandum to the mills asking for a recommendation on the best procedures in operating these particular operations?

A. No, sir. My memory isn't a hundred percent clear on this. But I am sure from the sequence here and what this letter says is that what undoubtedly happened is that when the treasurers were together at Gaffney on the 16th, which was five days before this letter of the 21st was written, and was a correction of a letter that was probably written on the 17th, that the treasurers at that meeting at Gaffney on the 16th decided that they ought to have such a meeting.

Q. The "we" that is referred to in the second paragraph, Mr. Milliken—"as you know we have asked each mill making a presentation to schedule it for 30 minutes, leaving a 30-minute period for questions and answers.",—do you refer there to what has been previously described as the "agenda committee"? A. I think by "we" I was referring to the treasurers who got copies of this letter. This was addressed to managers of the plants.

Q. I see.

[2981] Trial Examiner: Oh, this is to managers, not to treasurers?

The Witness: The treasurers got a copy. I think the "we" refers to the ones who made that decision that was held at Gaffney.

Q. (By Mr. Dyer) The recommended procedures were to be the procedures recommended by each mill? A. By the treasurers when they were together that day.

Oh, they were going—which recommendation——

Q. Referring back to the first paragraph "—we will hear reports on the recommended procedures in opening, picking, carding, drawing, roving, warp preparation and weaving on the 16th instead of the 17th of February." A. Right.

Q. Are those the procedures which each mill was going to represent on those? A. Which obviously were the procedures that they were following as individual mills.

Q. We have talked at some length about treasurer's meetings, Mr. Milliken. How long had the treasurer's meetings existed as a system or as a meeting, as such? A. Well, there never was any set procedure. Originally mills who were interested in a particular type of problem would get together to discuss that problem. Carded cotton mills would get together. Filament weaving mills would get together.

[2982] Then at some—and that perhaps was something that took place, the first of such meetings, 15 or 13 years ago. At some later date, the men who attended said that they thought it would be a good idea if a quarterly basis of meeting would be a good one. And as I remember it it started out on that basis with all of the mills, whether they consider woolen, worsted, filament or cotton meeting for a couple of quarterly meetings.

It was the practice at the end of every meeting to ask for comments from those who had attended as to whether they thought the meeting was worthwhile and what the recommendations should be for the next meeting, what the agenda should be for the next meeting, and who they would like to have work on the agenda.

There was a period when the carded cotton mills met separately on a quarterly basis. The fine goods mills, the combed goods mills and the filament weaving mills met then next on the second day, and the woolen and worsted mills met together on the third day.

Then there came a time when the treasurers said that it was an awful waste of time preparing for these meetings on a quarterly basis; and they thought they should only be held every six months.

At one point they also decided it would be desirable for the carded cotton mills and the combed cotton mills to meet [2983] together because they had certain community common problems. Then there was one time when all of them met together again and each mill got up and said what they were doing about public relations in their community; what they were doing to interest the doctors and preachers and the other people in their community. And they got up one right after the other and related what they were doing with everybody present.

So that, in general, was the way the treasurer's meeting met. We just came across one. And I have forgotten a matter that met at Gaffney and went through a mill.

There was a time when all of them decided they would like to meet down at the New Holland plan of Pacolet; all of the cotton mills, that is. And they held a meeting there and went through the mill down there and listened to a program.

In other words, there was nothing said about this down there except that at the end of a meeting a date was set for the next meeting and the types of problems they wanted to discuss were decided upon; and people were asked to proceed with preparing the information for the ensuing meeting.

Q. Well in 1955 and 1956, can you tell us what the basis of the meetings were there? A. They were at that time being held I think on a quarter basis where the carded mills I believe—met separately from the combed mills and the woolen and worsted mills.

Q. Was that true in 1955 and 1956? [2984] A. I can't vouch for that. I can vouch, I think, for the fact that they were on a quarterly basis.

Q. Then I take it that all the references we have made up until now was to treasurers meetings meant the carded mills treasurers' meetings; is that right? A. And sometimes I think the combed mills may have met with them.

* * *

[2989] Q. (By Mr. Dyer) Could you find out whether the Fund was so set up that the amounts contributed by various contributors were earmarked as this would seem to indicate? A. No, sir. If it would help I could give you a little background on the foundation.

Q. All right.

Would you, please. A. One of the responsibilities that the Board of Directors of Darlington considered that it had was the handling of all profits and funds made by the company either from profits or depreciation. Thus, the amount of the dividend distribution or the amount spent for new machinery or the amount to be given away to eleemosynary causes is something that fell within their specific responsibility.

When the Deering, Milliken and Company set up the Deering, Milliken Foundation approximately in the early 1940s, I believe, when the Directors of Darlington would meet from time to time and would discuss the question of requests for charitable contributions, they came to the conclusion that what they ought to do if they had a profitable [2990] year and could determine exactly what their earnings had been and what amount would fall within the amount that is the most that you can give to charity and have it as a deduction against your income taxes—when they could determine what that amount was at the end of the year, and as I say if it had been a profitable year, they would then make a contribution to the Foundation of a certain amount of money which they might estimate would

be the amount that the treasurer might have calls for from local charities and so forth for contributions in the future.

Then when Mr. Oeland would find a situation where he felt that a contribution might be made and properly be a donation of the Darlington Manufacturing Company, he would write a letter to the trustees of the Foundation with his recommendation that they might consider making a contribution to this particular charitable cause.

Q. Was the same system followed at the other DM Mills? A. At some of them, it was, but not at all of them.

Q. You say some of them.

Can you give us an idea of approximately how many? A. Well, the Pacolet Manufacturing Company, for instance, had a foundation of its own to which it made contributions. I would say that maybe forty percent of the mill corporations that are on that sheet of paper we have been referring to made contributions to the Foundation.

* * *

[2995] Q. You then say: "I would be very interested in having you write me what you did with your organization as a result of this meeting and then I will plan to pass on to the rest of the organization a collection of the most significant results that came from this meeting."

"Could I please have a letter from you about this."

Are these all treasurers listed at the top or are some of them plant managers? A. Some of them are plant managers.

Q. Did you receive a reply from all of them in regard to [2996] this memorandum? A. I very much doubt it. I very seldom got replies from all mills to letters of this kind.

Q. Can you tell us what percentage would not send you reports? A. Well, it varied.

I can remember on different types of reports where I was really seeking an answer that I had to follow through three or four times before I got an answer from every mill.

I think that my purpose in writing this letter was to encourage each person to whom it was addressed to have their overseers go through the exercise of writing a report to them so that they would think back once again to what had happened to this meeting and perhaps in thinking back and writing a report remember something that they could put into practice in their mill if they felt that it had application in their mill.

Q. In other words, this was just a device to jog the mill a bit; is that right? A. That is really what it was, yes.

Q. Now, did you upon occasion receive reports from mills which you circulated to other mills?

I had better give you a concrete example of it.

(General Counsel's Exhibit No. N-17 was marked for identification.)

[2997] Q. (By Mr. Dyer) I hand you what has been marked GC N-17.

Mr. Dyer: Well, I now offer it in evidence, being a one-page memorandum with an attachment from Mr. Milliken addressed to various mill treasurers and plant managers.

Trial Examiner: GC N-17 is received.

(The document heretofore marked General Counsel's Exhibit No. N-17 was received in evidence.)

Mr. Dyer: I will rephrase that question.

Q. (By Mr. Dyer) If you will notice there are various written notations on the top of here. Apparently they are Mr. Oeland's notations and the names of various people at the Darlington mill.

In the memorandum you refer to the report from Gainsville for the last month. Did you receive reports from all mills every month or on a four-weekly period? A. I received a communication from them, yes, sir.

Q. What was the form of the communication? A. Generally in the form of a letter.

Q. And the memorandum says that the attached are excerpts from the Gainesville Report.

* * *

[2998] Q. All right.

Now, did you on other occasions send excerpts from these various reports around to the various mills? A. Occasionally, Mr. Dyer, when I would see something—and I haven't read this yet—that seemed to me to be interesting, I would maybe take it and send it out, because it represented a statement from an experienced man.

Remember I was not experienced in the manufacturing business, have never worked in a mill. And I know that a great many, if not all, of these men to whom I was writing took with a very large discount things that I would pick up and try to get them interested in and to investigate to see if it had application in their mill.

[2999] And when I could sort of pass on a recommendation that came out of the mouths of an experienced man, I would sometimes use that method.

* * *

[3000] Q. (By Mr. Dyer) Can you tell us what the mill achievement meetings were? A. At about this time, Mr. Dyer, I attended a couple of meetings at mills that the

treasurers asked me to come to where they had their personnel make a summary statement of what they had accomplished and what their plans were, similar to that meeting at Gaffney that we talked about on Friday.

I think I maybe attended four or five such meetings in all.

Q. These were individual meetings, individual mill meetings; not meetings of several mills; is that right? A. That is right.

Q. You state further that you notice there are a great many different types of organizational setups in each of the mills. And you say: "I think some benefit can come from comparing the organization charts from our different operations."

Who did you plan to have do the comparing? Yourself or somebody else? [3001] A. No, sir.

As I say in these few meetings that I attended, I was impressed with the fact that there wasn't any mill that had the same organizational setup as any other mill. And because they were all so different in their concepts of how they wanted to handle it, I thought that some of them might be doing things in terms of the way they were organized that could be helpful to the others.

Q. Well, to come back again to it: Who was to do the comparing? Were you going to have the charts circulated from mill to mill? A. That was one of the ideas I had. But I never got an answer from all mills to this letter. Nor did anything come out of this.

Q. Well, is it possible that some of the mills didn't have an organizational table? A. No. I think they all did have.

Trial Examiner: Did you say you got no replies? Or did you?

The Witness: I said I got very few replies.

* * *

[3002] Q. (By Mr. Dyer) Mr. Milliken, there is a chart of some type at the bottom. Would that be Darlington's organizational chart? A. Well, I presume that is what it was, with everybody reporting to the treasurer, yes, sir.

Q. Did you receive a reply from Mr. Oeland giving the chart of some type? A. I can't remember. You would have to ask him that.

Q. All right. Thank you. A. Let me add to my answer on that question you asked me about this report, please.

I think that I probably did get answers from most of the mills involved. But, as I look back on it now, the organizational setups as they came in were so entirely separate and different that, as I can remember, there was no [3003] way that I could see that I could put them together and in any way have them be of benefit to any mill.

Q. Was that true from the size of the mill or complexities of the mill or what? A. No. It is as to what functions reported to who. Some mills had technical superintendents. Some mills had not. Some mills had the engineer or master mechanic reporting to the technical superintendent. Some of them had them reporting to the production superintendent.

In many mills, the personnel function or the tax function or the other functions were part of somebody's job, and maybe in the office manager's sphere of influence, as it was here; and in another mill there might be a separate man reporting to the superintendent; and in another instance he would report to the manager of the plant. Everything was so entirely different.

There was no conclusion of any kind that could be drawn from the information that I received.

Q. (By Mr. Dyer) Did you bring this up as a topic at one of the treasurers' meetings? A. No, sir.

Q. Was it brought up by anyone at one of the treasurers' meetings? A. No.

I think everyone felt it was too complicated and too [3004] personalized to each mill for any benefit to come out of a general conversation.

* * *

Q. (By Mr. Dyer) Mr. Milliken, in this memorandum you are asking Mr. Lowry at the Service Corporation and Mr. Newton at the Research Corporation about putting emphasis on weaving operations.

You start out: "All of the mills in Deering Milliken have made tremendous strides in the recent past on improving the quality, cost and machinery maintenance in their [3005] yarn making departments. A large part of this progress has been caused by the great attention that has been focused on these problems at the meetings that we have had. Now that we have made these improvements in our yarn, it seems to me that an equally strong emphasis should be put on the weaving operation as to quality, efficiency, cost, loom maintenance, et cetera."

"It seems to me that we are ready for an attack on these problems, and I am writing this letter to ask you to write to the treasurers and to me your recommendations as to how we can best start on such a program and what the full program should be."

Now, there are some notes at the top apparently from Mr. Oeland, which I can't quite make out.

I notice copies of this went to the mill treasurers.

Now, can you tell us whether Mr. Lowry and Mr. Newton got together on setting up recommendations? A. No. I don't have any memory as to what happened as a result of this, Mr. Dyer. All I can add is to this moment no way has been found to—for an individual mill to discuss the improvements that they have made in weaving similar to what they did on spinning, carding and roving, because the weaving problems and the type of looms and the type of fabrics made are so different from mill to mill that there is just no way that benefit can be obtained from having such a dis-[3006] cussion. And no such discussion has ever been held at a treasurers' meeting.

Q. Well, do you recall whether you received any reports from Mr. Lowry and Mr. Newton in regard to that? A. No, sir, I don't.

(General Counsel's Exhibit No. N-20 was marked for identification.)

Mr. Dyer: Mr. Examiner, I offer in evidence what has been marked GC N-20, being a memorandum to Mr. S. L. Smith from Mr. Roger Milliken dated April 20, 1955.

Trial Examiner: General Counsel's Exhibit N-20 is received.

(The document heretofore marked General Counsel's Exhibit Number N-20 was received in evidence.)

(By Mr. Dyer) The Mr. S. L. Smith is, of course, Mr. Sterling Smith, head of the Cost Department at the Service Corporation; is that right, sir? A. That is right.

Q. You state to him "I think that we are probably far away from using the best modern practices of production control known to American industry in all of our mills,

and I am writing this letter to ask you if you will please plan a meeting, and work it out with all treasurers who have production control problems to have their personnel attend a meeting, to discuss in a way you think best how our organization [3007] can adopt the most efficient and inexpensive plans of production control."

Do you know whether Mr. Smith set up such a meeting? A. I am almost sure he did not.

Q. Did he tell you why not? A. I think he told me that the problems were so different at each mill that he could not think of any easy way to attack this problem and that he was—I also think he said that he was operating a one-man department and he just didn't feel he could undertake to do this and do any justice to the idea even if it had been a practical one.

* * *

[3008] Q. Now, you state "It was decided at this meeting that each mill would immediately proceed with the installation of at least one frame of node rings which they would make in their own shops."

Do you mean that all of the mills that attended this mill achievement meeting would do that? A. Yes, sir. These were the carded cotton mills.

Q. All right.

The cotton mills did attend these mill achievement meetings? A. They attended this one, yes, sir. As I mentioned before, there were only four, or possibly five, altogether that I attended.

Q. I see. A. Or that were held with outside people. The mills, I believe, had meetings of these of their own where they would report to the treasurers.

Q. These were with the other mills sitting in on the meeting; is that right? A. That is right.

[3009] Q. You state: "We are doing this because we do not under the circumstances want to enlist an outside supplier to make these rings because it is not possible to patent this idea and we want to keep our competition out of it as long as possible."

You go on to state that they are obviously of the different designs developed by each mill.

You say: "I think it is extremely important that each mill have the benefit of the other mills' ideas, and so at the meeting I asked Frank Rowe if he would discuss with you"—that is, with Mr. Newton of the Research Corporation—"how the Research Corporation could coordinate this program and be of the most help in getting it advanced at the fastest possible speed in all mills.

"Because of the fact that this has worked successfully at Gainesville and also at Farnsworth where they have been using it for some time, it looks like it is something that could be adopted very, very fast by our organization, and I hope that it will be possible for you to put a great deal of push behind it."

Did you receive a reply from Mr. Newton to your memorandum? A. I think we probably talked about it on the telephone.

Q. What was decided to do about this program concerning the node spinning rings? [3010] A. Well, I noted what happened as a result of it, because I was very interested in this project.

About four or five mills set up a frame of node rings; they set up a frame with node rings. Gainesville was the mill in question, which got up to where I think they had twelve frames running with node rings.

This was forty to fifty years old, which is why it wasn't possible to patent it. No mill could make it work out at all; and, as a result, except for the fact that at this writing

Gainesville I think still has twelve frames running and sporadic reports that they think it has great benefits; they still have only twelve frames on it and no other mill has anything.

Mr. Updike: You mean at this time this morning?

The Witness: That is right. So, this idea, for which I had great enthusiasm was another one which didn't work out.

* * *

[3011] Q. (By Mr. Dyer) Mr. Milliken, in the memorandum of May 27, 1955 addressed to the Mill Treasurers, you state in the first paragraph:

"The Institute of Textile Technology is planning to have a meeting in July at Atlanta, Clemson, and Charlotte to bring to the membership the results of the studies that they have made in the past year. They were going to have the meeting at Clemson on Wednesday with a meeting at Georgia Tech on Friday, and I had been hoping that we could work it out so that we could have a special meeting for Deering Milliken personnel alone on the intervening day, Thursday, so that our men could feel free to ask questions without divulging which way our interests may lie."

Then you go on to state that you have discussed it [3012] with Mr. Hance who, I presume, is head of ITT? A. He is the president. yes, sir.

Q. And he has written to you asking whether it wouldn't work out just as well for our mills to attend the regular meeting and then perhaps stay on over and all have dinner together at Clemson, and perhaps have an hour session for questions and answers after the main meeting is adjourned.

And you ask the mill treasurers for their thoughts on the idea.

Did you receive replies from the five mill treasurers addressed? A. I just don't remember.

* * * *

[3013] Mr. Dyer: Mr. Examiner, I now offer a memorandum dated August 25, 1955, addressed to various members of the Service and Research Corporation, with copies going to various mill treasurers. This is offer as GC N-24.

Trial Examiner: GC N-24 is received.

(The document heretofore marked General Counsel's Exhibit No. N-24 was received in evidence.)

Q. (By Mr. Dyer) Now, in the first paragraph you refer to "our wage discussion Tuesday."

What was that wage discussion, Mr. Milliken? A. I don't know, Mr. Dyer. Was that about the time of a general wage increase?

Q. That would be August 25, 1955.

Mr. Updike: That is my recollection.

The Witness: That wage discussion was a meeting with these mills who were listed below who got a copy of this letter attending, at which time the Service Corporation who had been asked to do so by the mill reported on what information [3014] they had been able to get from all over South Carolina in all mills with whom a Deering Milliken—a mill that sold through Deering, Milliken could exchange information as to what rates of pay they were paying in their particular mill.

And you will remember that it was as a result of getting that information that I reported in the earlier trial that Darlington Manufacturing Company found that they were seven or eight cents an hour high on spinning, and I believe weaving.

And at that time they put in an increase of two cents an hour in those two classifications instead of the five cents an hour which was the general industry pattern at that time.

Q. Now, the mills represented by these treasurers named here are all the cotton mills? A. Let me see.

These were all cotton mills, yes, and others.

Q. And woolen and synthetics? A. Yes, sir.

Trial Examiner: All of the woolen and synthetics mills?

The Witness. Yes. Got a copy of this letter.

Mr. Updike: All the treasurers?

The Witness: Yes, sir.

Q. (By Mr. Dyer) Who called this meeting, this wage [3015] meeting, Mr. Milliken? Or was it one of the regular treasurers' meetings? A. No, sir. This was a meeting several of the treasurers had gotten in touch with me by telephone when some organization announced a wage increase—I think it was——

Q. Burlington maybe? A. Maybe Burlington. And because of the tremendous difference in cost that one cent an hour makes in a textile industry because of the very high labor content of a sales dollar, they said that they thought it was very important to find out exactly how their mill stood against its competition in the South Carolina area.

And they suggested that they ask—I think several of them said that they could arrange to exchange information

with some other mill as to their rates of pay. And they suggested, I think, on one or two instances that Ken Lowry find out that information, for instance, as to Mr. Springs, who runs mills nearby where he had previously worked. And that they might bring that information to a meeting so that each mill could benefit from the knowledge so gained.

Q. Was any single announcement made of the wage increases, or did each mill take care of its own at that time? A. Each mill took care of its own, although I believe that I may have been asked the question by the press.

Q. Well, I think if you are referring to the exhibit that [3016] was in the previous hearing, I think that was 1956 rather than 1955. A. I think you are right, Mr. Dyer.

Mr. Updike: It may well be.
Mr. Dyer: Yes, it was 1956.
The Witness: That is right.

Q. (By Mr. Dyer) Now, in this wage discussion, was just the ordinary employees' wages discussed, or were supervisory rates also discussed by these various mill treasurers? A. Information was not collected or exchanged with any other mill on anything above the level of second hand, as I remember it.

Q. In other words, this wage discussion took place on everybody from second hand below? A. It was not so much a discussion, Mr. Dyer, as it was a presentation of the facts that had been collected by individual persons as to what was the wage—as to the facts as to what the wage rates were in specific job classifications at competitive mills.

Q. All right.

Well, was information passed around among these treasurers as to what their wage rates were? A. No, sir.

Q. Wasn't that information available? A. Yes. I think each mill did bring with them their own [3017] rates. And

the purpose that they had asked this meeting for was to find out what the wage rates were in competitive mills in South Carolina.

And when Mr. Oeland, for instance, wanted to know what Marshall Stone was doing in a certain classification where he felt on the basis of what he learned other mills were doing and what he knew he was doing, he would ask—I presume he did ask, say, Mr. Stone what he was doing in that classification.

Q. The mills had no hesitancy about giving one another that information, did they? A. I don't believe so. Any more than our competitors had any hesitancy in exchanging.

* * *

[3021] Mr. Dyer: I offer what has been marked GC N-25, being a memorandum addressed to various mill treasurers and members of the Service and Research Corporation. It is a two page memorandum from Mr. Milliken dated December 12, 1955.

Trial Examiner: And to members of the Research and Service Corporation?

Mr. Dyer: Courtesy copies went to them, yes, sir.

Trial Examiner: GC N-25 is received.

(The document heretofore marked General Counsel's Exhibit No. N-25 was received in evidence.)

Q. (By Mr. Dyer) Now, in the memorandum, in the first paragraph, Mr. Milliken, you refer to the goals being discussed at the big meeting in October.

Was that a specific meeting set up for that, or was this for the treasurers' meetings? A. This was, I am sure, a so-called treasurers' meeting.

Q. And you refer in the second sentence to this: "At that time it was decided that we would meet again in January to hear a report from each and every mill on the progress they had made against their planned goals."

[3022] Then you set up a date there. A. The date was one that I—I was a clearinghouse as to when it was convenient for everybody concerned.

Q. All right.

In the second paragraph you talk about the best method of presenting information. You stated:

"In thinking about the best method of presenting this information, it seems that we would be well advised if each mill would use charts to report on their progress." A. I guess I was ahead of myself in my answer to the question just before the recess; this question of charting came up one meeting later than the one I was discussing then.

Q. All right.

And you apparently worked with Mr. Sibley. And you state: "To this end I have talked with Alan Sibley and he has offered to work out the best form with Ken Lowry, and then if you will plan to get in touch with Ken Lowry, he will pass this information on to you so that we can all be reporting together."

This was to be a single type chart so that everyone could recognize it at a glance? A. To go back to something that was in the middle there that you didn't read, Mr. Dyer, I called attention to the fact that at Deering, Milliken and Company's sales meetings in [3023] New York we had had—or I had had experience at some of the earlier meetings that information had been set up on

charts by individual department heads. And as one chart followed the other, you had to reorient yourself because it was presented entirely differently.

And it caused a great deal of confusion in the minds of the listeners. As a result of that, I was suggesting here that the best way to do this so that there would be the least confusion would be to use one type of presentation, and then it goes on—you said I was in touch with Mr. Sibley.

I was not. I talked with him. But Ken Lowry was in Greenville and Alan Sibley was in Greenville. And for the sake of saving time and travel, they had said that they would work together on what Alan Sibley considered to be the best form for his mill after discussing it with Ken Lowry; and that I thought that if that could be a form of presentation, that everyone could agree on as the way they would present their information.

Q. Do you recall whether Mr. Lowry and Mr. Sibley did set up a form of chart? A. I think Mr. Sibley said—I think he decided what he felt would be right for his operation.

Q. All right.

Did Mr. Lowry pass that information on to the other mills? [3024] A. Yes, sir.

Q. Do you recall at the meeting whether the same type of chart presentation was used by all? A. Yes, sir, I believe it was.

Q. You state "Because each mill will be making a report, it will be necessary to confine each presentation to not more than ten minutes, and in this connection we will ask somebody to ring a bell at the end of ten minutes so that it will be impossible for anybody to go over his allotted time.

"The points that should be covered in the presentation by each mill would seem to be the following:"

Now, the first one is: Progress on expense reduction.

In parentheses you say "(this would report the full goal saving as reported in October, how much it was planned to take out by the January meeting and how much was taken out; and what the plan is for reduction in the next 3-month period.)"

In other words, all the mills have a goal to reduce their expenses? A. Each mill had set up for itself a goal for reducing its expenses, yes, sir.

Q. Number 2 is: The number of jobs on the payroll in October; in January; and projected to April; and the number of persons on the payroll in October, January and April.

[3025] In other words, was there a plan to reduce the number of jobs at each mill? A. On that item number two I believe that I wrote these things down as a result of the discussion with Mr. Sibley, because he told me he had been in this business for a long time. And if all of the savings as reported on this type of presentation that had been made to him for his operation had in fact been made and maintained there wouldn't be any people left working in his operation; that they would come up with a saving of twenty persons and then at another time they would come up with a further saving. But that he had found for his benefit that the only way that he could find out whether progress had been made and not retrogression was to record the actual number of people on the payroll of the operation that he was responsible for at the end of a period, because that was the factual situation and not something that looked rosy on a chart presentation of how much had been saved during a particular week or month with no counteracting

statement of how many people had been put back against a previous saving that had been reported.

Q. Well—— A. Have I made myself clear on that?

Q. Well, I don't think that quite answers the question I asked.

The question I asked was whether there was a program in [3026] progress at each of the mills to reduce the number of jobs on their payrolls? A. It has been a continuing program in every mill that I have been connected with to try and get our costs as low as possible in order that we might survive economically.

The productivity in the textile industry has increased by 47 percent in the last ten years. The highest rate of any industry in the United States as far as I can find out. To keep one's head above water in the textile industry, it is necessary to have a continuing program of increasing productivity to be able to stay in the business.

Q. Well, I think——

Mr. Updike: Productivity per worker?

The Witness: Yes, sir. That is what I mean by productivity, yes.

Q. (By Mr. Dyer) Well, I think we talked around it. But to get down to specifics: Was there a program at each one of the mills to reduce the number of——

Trial Examiner: I think the witness has said there is always a program at every mill.

The Witness: Yes. And each mill has and had such a program constantly.

Q. (By Mr. Dyer) You mentioned some other topics:

A discussion of other goals and progress towards them such as spinning speeds, loom speeds, et cetera. [3027] A. That is all part of the same productivity.

Q. Report on the mill's standing by the mill's demerits by department in machinery inspection reports and their relative standing.

Relative to what? One another, or what? A. Relative to where they were at the—from a previous period of demerit reporting.

Q. That would be the demerit inspections as made by the Research Corporation? A. That is correct.

Q. All right.

The mill's percentage of total waste and their standing on waste.

What do you mean by their standing on waste? A. Whether they were making progress or lack of progress in reducing the amount of waste.

Q. Was there a program of any type in effect to reduce the amount of waste produced? A. Each mill constantly works on that. It is a very important element of cost.

Q. Was there an overall program for all of the DM Mills in that regard? A. There was a man in the Service Corporation of which these mills were stockholders whose job it was to sell waste and make recommendations to the mills on how best to handle [3028] their waste for the sake of packaging and getting the best price out of the waste that they did make and of reducing the amount of waste made in total.

Q. You next mention the number of hours worked without a lost time accident.

The status of a preventative maintenance setup in each department.

I think we have discussed in this case previously the preventative maintenance program. A. Yes, sir.

You will remember that I think Mr. McCullough reported that he had recommended that each mill set up a preventative maintenance program and assign a person in each department whose sole job would be preventative maintenance.

And it had been his despair that this recommendation of his which he thought would be helpful had not been adopted except in a very small number of instances. And for that reason I suggested that they report on whether they had such a set up or not.

Q. Well, who determined the status? Was the individual mill to report on their own status? A. This was covering a report that would be made on a chart form by each mill present at the meeting.

Q. Was the mill itself to determine what its status was or was there to be any consultation with the Research [3029] Corporation as to what its status was? A. No. They would report whether they had a maintenance man in their card room, for instance, full time or not.

Q. I see.

In the report on new improvements and machinery improvements which have been helpful and could be helpful to others—— A. Could I read those last two?

Q. Yes. A. Number 9: What has been done to improve local public relations; and number 10: What do you want from the Service Departments.

Then it says: This seems like a lot of information to cover in ten minutes, but from talking with Alan, I think it is going to be possible for us to get about 50 percent of

this information on to a chart which will make it possible to cover that amount in a very short time and leave the balance of the time for covering the other subjects.

(General Counsel's Exhibit No. N-26 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer what has been marked GC N-26, being a memorandum addressed to Mr. A. J. May from Mr. Roger Milliken dated December 17, 1955, with copies going to three of the mill treasurers.

[3030] Trial Examiner: GC N-26 is received in evidence.

(The document heretofore marked General Counsel's Exhibit No. N-26 was received in evidence.)

Q. (By Mr. Dyer) At that particular time, what was Mr. May's job? A. He was in charge of print cloth sales for Deering, Milliken and Company.

Q. All right.

Now, you state in the first paragraph that "every quarter from now on we are planning to hold a meeting of all of our mills at which each one of them will make a presentation to the group of what they have accomplished in the way of cost improvement, increased efficiencies, et cetera, during the previous three months."

By this memorandum you were inviting Mr. May to attend these meetings? A. The treasurers' meetings, yes, sir.

Q. In what capacity would he be attending those, sir?
A. As an observer.

I think it has been reported in answer to your question that we were—the mills with which I was connected were in a constant program of trying to improve their quality, and this was particularly so at the Monarch Mills which was buying premium cotton and had put in special equipment to make a premium 80 square.

[3031] Whenever I was in New York and discussing our sales problem with Mr. May, I would ask him what progress we were making on getting a premium for Monarch's 80 square, for Lockhart's 68 by 72, commensurate to the premium that the mill treasurers told me they felt it had earned by virtue of the improvements that they had built into its quality.

He told me at this time that he was having difficulty establishing the fact in the market that this was a premium —that these were premium 80 squares, premium 68 x 72, and in order to build up his confidence in what the mills for which Deering, Milliken was selling and for whom he was selling were doing in terms of improving their quality, I was anxious to have him sit in at these meetings where he firsthand could get a conviction and in turn I hoped could transfer or translate that conviction to his sales personnel and to the customers with whom he was talking so that we could achieve the goal that Deering, Milliken had of getting a premium 80 square for these mills that had hired Deering, Milliken to do this.

Trial Examiner: GC N-26 has been received, has it not?

Mr. Dyer: Yes, sir.

I offer GC N-27, being a memorandum addressed to various mill treasurers and managers from Mr. Milliken dated April 3, 1956.

Trial Examiner: GC N-27 is received.

[3032] (The document above referred to was marked General Counsel's Exhibit No. N-27 and received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, did you receive copies of the minutes of all the various meetings that were held on warp preparation and the other type meetings? A. I think as a matter of courtesy I did receive some. But I would not like to leave the impression that there were many of these meetings, because there were not.

And I think that this again is a meeting that resulted from that treasurers' meeting that was held at Gaffney to which we referred on Friday.

And I think that that was the only meeting that was held on warp preparation to which this letter specifically refers in 1955 or 1956.

Trial Examiner: I don't know that we have very much information. The question asked was whether the witness received all. He said some. And now apparently we are told this was the only one.

The Witness: This was the only one on warp preparation.

Trial Examiner: On warp preparation.

Well, wasn't that the question?

Mr. Dyer: My question was similar meetings where other things were discussed?

For instance, there were other meetings with regard to opening and picking and looms.

[3033] Trial Examiner: Are you speaking of treasurers' meetings?

Mr. Dyer: No, sir, I am not.

Q. (By Mr. Dyer) There were other meetings held besides treasurers' meetings with regard to various production problems at the mills, were there not? A. I think that we stated—or I stated that as I remember it, as a result of that one treasurers' meeting at Gaffney a meeting was set up in each of three different departments. Maybe four different departments. One on carding, one on spinning, one on warp preparation, and one on weaving.

To my knowledge, those are the—those meetings were the only ones, each of their kind, held in that period.

Q. Were there other meetings such as the preventive maintenance meetings where the mechanics attended, and minutes were taken of those? Did you receive those? A. No, sir.

Q. You state: ". . . and I am writing to say that I hope that each mill that sends a person to these central meetings asks that person to make a written recommendation when he returns as to what your particular mill should do as a result of what he has learned at this meeting."

As I read through this report, it is evident that a great many different things were being done at the different [3034] mills, and I am urging that the above procedure (if you are not already using it) be followed in order to be sure that we don't lose all of the advantages that we can get out of such a meeting." A. Mr. Dyer, in commenting on why I wrote that letter, I will say it has been my experience in

talking with men who primarily had visited mills where the mill did not sell through Deering, Milliken, that when they would come back they would tell me whenever I was talking to them about what they had seen about all the lousy things the other mills were doing and how much better they were than the mill they had visited. I felt this was not a way to get the most out of such a visit. And that if as a technique of getting good out of a visit or out of a meeting a person could be asked to make a recommendation of what he had learned, that that would benefit him; he couldn't say that he hadn't learned anything; and, therefore, by writing down what he had learned, his recommendation would be of value to his particular operation, and that man would not have wasted his time by going away and attending a meeting.

Q. In other words, you wanted positive thinking instead of negative thinking? A. That is correct.

(General Counsel's Exhibit No. N-28 was marked for identification.)

[3035] Mr. Dyer: Mr. Examiner, I now offer what has been marked GC N-28, being a memorandum addressed to various mill treasurers and managers from Mr. Milliken, with copies going to the Service and Research Corporation personnel, dated May 22, 1956.

Trial Examiner: GC N-28 is received.

(The document heretofore marked General Counsel's Exhibit No. N-28 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, in this you refer to a quality control program that Bill Sibley has been develop-

ing along with Harry Defore's department for Mr. Sibley's mills.

You state: "As I believe you know, Harry Defore has been concentrating a lot of his time at Monarch to help get this program developed and the bugs ironed out so that it will be possible for other mills to adopt it rapidly. I am going to ask Bill Sibley to arrange for a description of this quality control program at our next Treasurers' meeting, and I feel certain that all of you will be as enthusiastic about what it can do for us as you were about the Sterling Smith Cost System which Jack Fischer worked out at Gerrish Milliken."

What is the Quality Control Program you had reference to? A. The thing I had reference to here was called a pilot [3036] test line program wherein a mill would try to bring, say, ten percent of its equipment up to as perfect condition as possible, and then make a comparison with the results coming off of that equipment and the equipment of the rest of its mill. And if it seemed that there was a substantial improvement, they might then go on and do the same thing for all of their equipment.

This program, Mr. Sibley was trying to get it started in the Otteray Plant of the Monarch Mills. I know that this program did not get installed until this year, two years after this letter was written. It has not been adopted by any other mill that sells through Deering, Milliken and Company.

Q. Excuse me. I am a little bit confused.

You mean it was just put into Monarch effective as of 1958? A. Yes. In the Otteray Plant of Monarch and not any of the other three mills in the Monarch organization even yet.

Q. Is that because of the time required to set up this? A. I don't know what the reason was. But they either didn't have the personnel to handle it or felt that other things should take precedence over it.

All I know is that the Otteray Plant of Monarch is the only plant where this program is now today, in 1958, operating.

[3037] Q. At the time that you wrote this memorandum, did you have anticipations that it would get into effect much quicker than that? A. From what I had been told about it, I believed then, and believe now, that it has great benefit for a mill that is willing to adopt it and make it work.

Q. Well, did you anticipate that it could be put into effect at the other mills much more rapidly? A. I hoped that these experienced men who were the treasurers would share my enthu iasm for this idea.

Q. You go on to state: "To get such a program going in your mill will, of course, require personnel, and I am writing this letter at this time so that you may be laying the groundwork to see that you have personnel available to get such a program going, and beginning with the October meeting, Harry Defore will make a report on the progress that each mill has made in setting up a qualified program."

Mr. Defore, I take it, had nothing to report then at the October meeting? A. I think he made a report on what he believed, because he believed it strongly and still believes, what such a program could mean to a mill, which you will remember we were in a very tight market as far as college—as far as obtaining college trainees was concerned.

And whether that was the reason it wasn't adopted, or [3038] what it was, I don't know: but it is still at Otteray.

Mr. Updike: Is it clear that the Quality Control here being talked about is fiber quality control, as distinguished from fabric quality control?

The Witness: Well, it is control of quality of the stock at all processes of manufacture.

Mr. Updike: Yes.

The Witness: Whether fiber or silver or roving yarn, that is what we were talking about.

Mr. Updike: Is it clear the personnel involved relates to supervisory personnel in this last paragraph?

The Witness: Supervisory personnel and personnel that would be in a technical superintendent's division in that kind of a program.

Q. (By Mr. Dyer) Would the personnel required be mainly inspectors? Would that be the idea? A. No, sir. I am not too sure myself exactly how you go about doing this, except that Bill Sibley reported that he got, or had gotten—that he was getting set up at Otteray to do this, and that it required special personnel that could be concentrated on this particular project, and this required skilled personnel.

Q. Do you know whether any statement was made to that or what the requirements—whether the requirements for the [3039] personnel were related to Mr. Johnson at the Placement Department? A. I very much doubt it.

Q. You did receive the reports on the Demerit inspections being made at each mill, did you not? A. I received some information on that, yes, sir.

Q. I hand you a memorandum addressed to Mr. Oeland from you dated May 12, 1955.

In this you state "Congratulations on the very great improvement you have made between the first and second audit on roving frames." A. Yes, sir.

Q. So, you did receive the consolidated report that was put out by the Research Corporation and the improvement made—or on the demeriting inspection? A. Yes, sir.

Mr. Updike: Well, I don't know whether "consolidated" is the right adjective. I don't remember the testimony. Maybe it was.

Q. (By Mr. Dyer) It is the report concerning all the mills; isn't that right? A. On which the information—well, yes, sir, it is.

Trial Examiner: Do we have that in evidence?

Mr. Dyer: I believe we have some of those in evidence, yes, sir, from the Research Corporation. This one is on [3040] roving frames.

The Witness: Well, it wouldn't be from all the mills. If it was on roving, it would be as to roving.

Mr. Dyer: It would be for the mills which had those particular frames?

The Witness: That is right, yes, sir.

Q. (By Mr. Dyer) These are the demeriting inspections which were being made by the Research Corporation? A. That is right.

Q. And the reports that they put out? A. That is right.

(General Counsel's Exhibit No. N-29 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer what has been marked GC N-29, being a memorandum addressed to Mr. Oeland from Mr. Milliken dated November 10, 1955.

Trial Examiner: GC N-29 is received in evidence.

(The document heretofore marked General Counsel's Exhibit No. N-29 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this memorandum has to do with the safety contest figures for the last six months. You received a report on those; is that right? A. Yes, sir. I received a copy of the letter that—who was this?—Liberty Mutual?

Mr. Updike: Liberty Mutual, yes.

[3041] The Witness: —that Liberty Mutual prepared for their awarding of their prize for that mill in the so-called Deering, Milliken group which did the best job in one of three categories that they had established.

Q. (By Mr. Dyer) That is the safety contest that is referred to? A. That Liberty Mutual set up, yes, sir.

Q. And the information which Liberty Mutual received for that award was information on lost time accidents which the insurance department got up initially: is that right? A. No. I think this is something that I think Liberty Mutual handled directly with the mills.

Q. In other words, you mean the mills submitted their accident record directly to Liberty Mutual? A. That is my understanding. I think Liberty Mutual had to make the adjustments, did they not?

Q. Now, you tell Mr. Oeland that "I was looking over the safety contest figures for the last six months and was disappointed in Darlington's showing with 18 lost time

accidents. Actually this amounts to over 25 percent of all the lost time accidents in the Deering Milliken group.

"It makes me wonder whether you have a sufficiently well organized safety campaign, and if not, I hope that with your new setup you will have an opportunity to do this so that you may be among the leaders in the future."

[3042] What was the new setup you refer to? A. I can't remember.

Q. All right.

Mr. Updike: Can we dispose of that now by my asking him a question?

Mr. Dyer: Go ahead.

Mr. Updike: Wasn't this the time when Mr. Mullendore left and Mr. Hawkins or somebody else came in?

The Witness: I just don't know.

Trial Examiner: You haven't disposed of it.

Mr. Updike: I thought maybe I could.

Q. (By Mr. Dyer) Did you receive a reply from Mr. Oeland with regard to this memorandum? A. Mr. Dyer, I don't know.

(General Counsel's Exhibit No. N-30 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer what has been marked GC N-30, being a memorandum from Mr. Milliken to various mill treasurers and managers dated May 16, 1955.

Trial Examiner: GC N-30 is received.

(The document heretofore marked General Counsel's Exhibit No. N-30 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this memorandum is in regard to Monarch Mills becoming the first cotton mill in the Deering, Milliken organization to have all their weave rooms running [3043] at 72 percent relative humidity.

Was there a program to reduce the relative humidity at all mills? A. Mr. Dyer, I had learned from asking questions of the Draper Corporation as to which they considered to be the best run weave room in the cotton print cloth business. In answer to that question, they had told me that they thought that the Mayfair Mill in Spartanburg was.

I had visited the Mayfair Mills in Spartanburg with Mr. Norton and had found that they operated their weave room with a relative humidity of 72 percent. Most mills in the textile industry operate somewhere between 84 and 90. The Mayfair Mill organization credited their operating at a low humidity with much of the—as being the reason why they had high efficiences, low breakages, et cetera.

As a result of that, I had, or Mr. Norton had commented on that at one of the Treasurers' meetings.

I can remember that when we had a meeting at Gainesville, that has been referred to earlier, that the weaver there reported that he had gotten his efficiencies—that he had gotten his humidity down to 74 percent. I was delighted when Louis Ellis, who is the superintendent of the Monarch Mills of Monarch, reported that he had gotten it down to 72 per cent.

I am sorry to report that it is back up to 80 at the [3044] present time as far as I understand.

Q. Well, after discussing this at Treasurers' meetings, did the rest of the mill treasurers agree to try to lower their relative humidity? A. They were all against sin. Some of them worked to get their humidity down; others did not.

Q. Do you recall how many did not? A. I think that Monarch was the only one that got to 72 percent.

Q. Did all of the rest of them attempt to lower the relative humidity in the weave rooms? A. I would say that fifty percent of them made an improvement of four or five points, bringing their average down from 85 to 81.

Q. You say they made an improvement. The other fifty percent, did they try to make an improvement, whether they did or not? A. That I don't know. All I knew was what they subsequently reported they had done.

Q. Mr. Milliken, you also discussed with the various mill treasurers other problems that arose. For example, this: there was a question raised by you of the finishing company, whether the cloth should be folded, whether it should be in yard or yard and a half folds.

Do you recall taking up that question with the treasurers? [3045] A. I don't remember taking it up with the treasurers. I remember taking it up with certain mills that had a problem in connection with the acceptance or non-acceptance of such a fold by one or two finishing plants.

Q. Do you recall what was done in regard to the problem. A. I can't. As I remember it, we had a running argument with two finishing plants as to whether they would accept the larger bales involved in a one and a half yard fold, I think it was, as against a one yard fold.

And this presented a problem, because about six finishing plants were requesting of the Deering, Milliken and Company sales organization that they try to persuade their mills to set up the larger fold because it made for easier handling in their finishing plant.

And I think it was a problem in the finishing plant where the plant itself used mechanized equipment for handling bales when they were received or whether they used hand

dollis. Because the mill only wanted to put up one type of fold, this presented a problem.

And I think Darlington specifically asked the sales organization to do what they could to get the two recalcitrant finishing plants that wanted the older method—to get them to agree that it would be all right to accept a new one.

Q. Was the sales organization unable to do so? A. I just don't remember how it finally came out. I [3046] haven't heard anything about it recently.

(General Counsel's Exhibit No. N-31 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer in evidence what has been marked GC N-31, being a memorandum addressed to Mr. Newton from Mr. Milliken dated January 14, 1955, with copies going to various mill treasurers.

Trial Examiner: GC N-31 is received.

(The document heretofore marked General Counsel's Exhibit No. N-31 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this memorandum is in regard to the idea of Mr. Roy Rochester. Was he a mechanic at one of the mills? A. I think he was on the supervisory payroll of Abbeville in charge of preventive maintenance.

Q. Apparently he came up with an idea which might be patentable. By this memorandum you state "I want to ask whether all mills have now adopted the policy of having all of their supervision sign a patent agreement with the company. This was put in the works some time ago, but I have not heard whether it was brought to a conclusion, and

I think it is in order to check and see whether the mills are following this procedure and are getting such agreements from all new personnel coming into management ranks."

"Could you please check with all of the mill treasurers [3047] on this for me."

Q. Did you hear from Mr. Newton in regard to this memorandum? A. Yes, sir.

To give a little background on this: One of the departments in the Research Corporation is a patent department headed by Doctor Norman Armitage. At a treasurers' meeting, the treasurers decided that they wanted to have their supervisory personnel sign a form which is customary in industry today.

They asked Mr. Newton—I don't believe Doctor Armitage was present—to have Doctor Armitage prepare the standard type of form which was used in industry covering this type of thing and forward it to the mills.

I also think that several of the treasurers asked Doctor Armitage to visit at their plants and explain to the overseers what this agreement meant and tell them something about the fact that it was customary in industry to do this nowadays with the accelerated rate of improvements that were being expected of them in supervisory positions.

You asked me if I heard from Mr. Newton about this?

Trial Examiner: Who did you say asked Newton to have Armitage prepare the form?

The Witness: The treasurers.

Trial Examiner: All right.

The Witness: You asked me if I heard from Mr. Newton [3048] about this.

I do remember hearing from him. And I do remember his reporting that there were one or two mill treasurers that felt that they had particular situations whereby they did not feel that it would be intelligent for them to ask their supervisors to sign such an agreement. And they had decided not to do it.

Q. (By Mr. Dyer) But all of the other plants had various supervisory officials sign this type of agreement? A. Those were the only two mills that he reported to me had a specific reason why they felt this was not a right thing for them to do.

Q. All right. A. Whether the others went ahead or not I don't know.

Trial Examiner: With whom was such an agreement—well, were such agreements signed in fact?

The Witness: Yes, sir.

And to answer your question: The agreement would be between the Darlington Manufacturing Company and the supervisory personnel of the Darlington Manufacturing Company.

Q. (By Mr. Dyer) I see that there is a notation on this memorandum signed by "FPM", which would be Mr. Mullendore; is that correct? A. I guess that is right.

Q. It states "All present overseers and shop men have signed the agreement." [3049] A. That is correct.

Q. The shop men would not necessarily be supervisory officials, would they? A. I guess maybe I was incorrect in describing them. Apparently it is customary to have shop men who were working on shop improvements maybe to do that.

Trial Examiner: Well, now, again referring to this handwritten notation, the reference is to "the agreement".

The Witness: A standard form of agreement used by all industries.

Trial Examiner: All right.

It was still between the mill and the employee.

The Witness: The Darlington Manufacturing Company and the employees of the Darlington Manufacturing Company, as I understand it.

Q. (By Mr. Dyer) Do you know whether the Research Corporation had such agreements among their people in the Research Corporation? A. I am sure they did.

(General Counsel's Exhibit No. N-32 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer what has been marked GC N-32, being a memorandum addressed to various mill treasurers from Mr. Milliken dated February 22, 1955.

Trial Examiner: GC N-32 is received.

[3050] (The document heretofore marked General Counsel's Exhibit No. N-32 was received in evidence.)

Q. (By Mr. Dyer) Now, in this you state: "Doctor Armitage has received a letter from Basil Hill who is now associated with the Mooresville Mills. Hill was very interested in finding out whether they could become a licensee under the Research Corporation to use the slub inserter which we have had available for some time. He believes that apparently it holds terrific promises for Mooresville."

Did Doctor Armitage get in touch with you after he had gotten this letter from Mr. Hill? A. Yes, sir.

Q. What was the conversation between you and Doctor Armitage? A. I can't remember it.

Q. Can you give us the substance of it? A. No, sir, except to say that what it says here that Basil Hill had asked if the Mooresville Mill could take a license on it, and I probably asked him were any of the mills who were owners of the Research Corporation using this device that their coporation had invented. And I think he told me none of them were. Which raised the question in my mind as to whether I ought to write this letter and point out that the Burlington Mills Corporation, of which Mooresville is a part, thought that this had value, and maybe they should [3051] re-examine whether it might have value to them.

Q. (By Mr. Dyer) Did Doctor Armitage ask you whether or not they should license Mooresville for this? A. I don't remember that coming up. I think we did license them. As I remember now, we were very anxious to license this and had had several discussions with either the du Pont Company or the American Enka Company relative to whether they could use this device to put a slub into continuous filament rayon yarns.

(General Counsel's Exhibit No. N-33 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer a memorandum marked as GC N-33, being a memorandum from Mr. Milliken to various mill treasurers and managers dated February 24, 1955.

Trial Examiner: GC N-33 is received.

(The document heretofore marked General Counsel's Exhibit No. N-33 was received in evidence.)

Q. (By Mr. Dyer) Now, in this memorandum you are talking about the problem of water conservation.

You state: ". . . and in talking with Russell Bush"—Russell Bush at that time was with the Engineering Department at Deering, Milliken Service Corporation; is that correct? A. That is correct.

Q. ". . . in talking with Russell Bush the other day I asked [3052] him if he would talk with each of you"—meaning either the mill treasurers or managers—"as to ways and means of getting our consumption of water measured so that it will be possible for each of you to work towards the reduction of your use of water.

"I am writing this letter to ask you to please give some serious thought as to how you can measure your consumption and activate a program to reduce your consumption of water much as we now have programs to reduce our production of waste."

Did you get any reply from any of these people with regard to this memorandum? A. No, sir. I don't think this called for a reply.

Q. All right.

Was a program set up to reduce the consumption of water? A. I don't know whether there was or not. I do remember that prior to this time the Excelsior Mills at Union had had a serious situation where there was a shortage of water. And because it meant shutting them down, they had actively investigated how they might cut down on their consumption, with the startling result that they were able

to it by fifty percent by merely adopting careful procedures; not letting big valves run, et cetera, et cetera.

And I thought that I would write this letter to call [3053] this whole problem to the attention of the men to whom it was addressed with the idea that they might be thinking about it.

Q. Do you recall whether you received a report from Mr. Bush on what he did in regard to this? A. No, sir, I did not.

* * *

Trial Examiner: GC N-34 is received.

* * *

Q. (By Mr. Dyer) Mr. Milliken, you start out in the first paragraph: "I was delighted to receive your recommendations on Friday as to your thinking on the best way to set up the operation so that it would be possible for us to have an independent agency to recommend the qualities desired in our cotton and to check to see that the cotton purchased lived up to the requirements as decided upon by the mill treasurer."

What was to be this independent agency? A. This refers to a conversation that Mr. Marshall Stone [3054] and I had with Mr. Truluck on the subject of whether Harry Defore, who had been originally hired by Mr. Truluck, would report to him or would report independently of Mr. Truluck.

Q. You mean as a separate department under the Cotton Department? A. As a separate department from the Cotton Department.

Q. I see.

And what was decided? A. Well, Mr. Truluck originally hired Harry Defore to bring to the Cotton Purchasing Department the latest techniques of scientifically evalu-

ating cotton. Several of the treasurers—in fact, each of the treasurers, in turn, in discussions I had with them from time to time, made the point that they thought that Harry Defore had learned so much about evaluating cotton scientifically that it would be desirable for the Service Corporation to be set on a basis of checks and balances wherein Harry Defore with his techniques could scientifically check the cotton that Mr. Truluck was buying and that the only practical way to make such a setup work would be for Harry Defore to be independent of Mr. Truluck and not reporting to him, because it put him in a very embarrassing situation if his reports showed something unfavorable about a type of cotton in that he would be reporting on cotton that had been purchased for an individual mill by Mr. Truluck. He would be checking up on his boss.

[3055] And the mill treasurers—we all had a meeting to discuss this particular thing, just the three or four mill treasurers involved in buying cotton. And they felt that this was the way they would like to see it set up. And Marshall Stone discussed it, with me present, with Mr. Truluck on that—discussed it at that time.

Q. Were there two different meetings, then, that you refer to? A. No, sir.

Oh, yes, there were.

Q. Now, you state in the second paragraph: "I just received your letter covering that which we discussed on Friday. There is just one thing in this letter which was not covered and which we discussed and which I wanted to be sure was understood, and that is that as we visualize it, it would be the function and responsibility of Harry Defore's group, working closely with you, to set up the requirements and control limits of each qualification that he believes will make for the best quality and the most efficient cost for

the particular yarn a mill is making; that he will present these recommendations to the mill treasurer who will have to weigh how near it is practical to live up to these requirements taking into consideration the possible additional costs you would have to pay to get them."

In other words, this is an attempt to define the limits [3056] of responsibility; is that right? A. Well, what had happened in the past would be that a mill would receive against its purchases some cotton that, let us say, didn't run as well as the previous lots of cotton had run. When the mill would report that to the Cotton Purchasing Department, Harry Defore, I think, would—Harry Defore had said "Well, I could have told you that if you had asked me, because my tests showed that this had more cotton that was a higher percentage of cotton with short fibers in it" and so on.

And what Marshall Stone had told Mr. Truluck the previous day was that he wanted to say to Harry Defore as a matter of procedure, "Look, Harry, you tell me what you think I should set up as the specifications for the cotton for my particular yarn for which I am going to be placing an order with Mr. Truluck. Then I will decide whether that is practical from my knowledge of cotton. And then I will ask Mr. Truluck to buy against it."

And the purpose of this letter was to be sure that there was no—to be sure that that was clearly understood; that that was the way this situation that the treasurers wanted would work out in practice.

Q. Then in the fourth paragraph you talk about "Following that, it would be the plan to set up a recheck wherein some kind of sampling arrangement would be made for the mill to [3057] send Harry Defore's department sufficient samples for analyses so that he could see how the cotton delivered compared with the qualities purchased."

I believe that is something we have already covered. Is this the recheck department as it was called in 1956? A. No, sir.

Q. What is it? A. The recheck department was on cloth.

Q. Is this the fiber quality control and research department as set up? A. Yes.

The paragraph before that says "It would then be the function of the treasurer to advise you what he wanted purchased, which orders you would then proceed to execute for him."

Q. Then the next paragraph after that: "I was delighted that you and Harry plan to use all laboratories that will be involved in this operation jointly so that this new set up will involve a minimum of additional cost." A. You could see that this was a very ticklish situation where a man who had previously been working for another man was being made independent. And Mr. Stone and I believed that the best way to have such a new situation work would be to write everything down on a piece of paper as to what was understood so there would be no questions when it got into operation.

[3058] Trial Examiner: Were there no questions when it got into operation?

The Witness: It went very smoothly.

* * *

Mr. Dyer: Mr. Examiner, I now offer in evidence what has been marked GC N-35, being a letter addressed to Mr. Milliken from Mr. Oeland, dated May 9, 1955.

Trial Examiner: GC N-35 is received.

(The document heretofore marked General Counsel's Exhibit No. N-35 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, I note some handwritten notations at the top of the letter. Is that your note? A. That is my handwriting, yes, sir.

Q. It says "J. M. Oeland, Please come to Treasurers' meeting prepared to make recommendations on whether additional lab (if any) could be located as far as Darlington is concerned." Did you send such a letter to Mr. Oeland? A. Yes, sir. May I just read this?

Q. Sure. A. Yes, sir.

Q. Did you write a memorandum to Mr. Oeland with regard to this note you made at the top of the page? A. No. I sent him this.

[3059] Q. You sent this back to him? A. Yes, sir.

Q. Now, in the first paragraph Mr. Oeland states: "I have given some thought to your suggestion that we write you about our recommendations for purchases of cotton this fall."

Had you written to the various mill treasurers asking about their recommendations for the purchases of cotton? A. I guess I had, yes, sir.

Q. And Mr. Oeland goes on and finishes up: "As stated at the beginning of this letter, I do not feel that I have any helpful suggestions, but felt I would like to follow up on your suggestion that we write you our opinion with regard to this matter," A. Mr. Dyer, I think that that letter had reference to a problem that was constantly confronting the directors of the different mill corporations at or about this time, namely, what position would they take as to the length

of the cotton, how much cotton they would buy; because, as may have been testified to earlier, we, through Harry Defore's program and thinking, had come—that is, the mill treasurers had come to believe that the best way to insure even running qualities, even quality of work throughout the entire year rather than having ups and downs, or having the mill blow up, as they described it, it was desirable to [3060] select the cotton as it came onto the market according to the characteristic it had. And this involved tying up for a mill a great deal of its money, and was a problem that properly was the responsibility of the directors of the mill. And it was in that connection that I wrote and asked Mr. Oeland to give me his recommendations as to what his thinking was about the cotton that would start to come on the market a couple of months later.

Q. Well, did you write to the other treasurers as well as Mr. Oeland? A. I believe I did, yes, sir.

* * *

[3062] Trial Examiner: GC N-38 is received.

* * *

Q. (By Mr. Dyer) Can you tell us, Mr. Milliken, what the tests were that Sterling Smith reported on? A. Yes, sir.

The basic objective was that the—in trying to set up a premium quality 80 square primarily, Monarch, Bill Sibley, felt that it was important to find out if possible which of those characteristics that were measurable in the greige unfinished cloth were meaningful and significant when that greige cloth was finished at a bleachery; because he believed, as I remember it, that it would be foolish to try to

build into the cloth a characteristic that was meaningless; because, after all, while we sold greige cloth, the ultimate consumer bought finished goods.

And the tset that Sterling Smith was responsible for following was to try to evaluate in the greige cloth of Monarch and Darlington and cloth from Borden, Durst and Alice, the three mills who had a reputation for making a premium 80 square in the market.

How they came up into a greige evaluation and how the same cloth looked after it had been finished the same way by [3063] one finishing plant, Cranston, which was considered to be one of the best in the industry, was a consideration in the test.

* * * *

Q. (By Mr. Dyer) Mr. Milliken, I take it that this was a suggestion of yours to the mills so that they might consider using a same or similar type sign on the various machinery, bringing to the employees' attention what a machine does cost and what it would cost to replace it? A. Following up on a suggestion made by somebody reporting to Business Week Magazine.

Q. I take it that this called for no reply from the mills? [3064] A. No, sir.

And I think that Abbeville Mills followed this idea in their spinning room; but I am not aware that any other mill did adopt it.

* * *

[3069] Trial Examiner: GC N-43 and N-44 are received.

(The documents heretofore marked General Counsel's Exhibits No. N-43 and N-44 were received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, you start off by saying, "In attending mill meetings in recent months, I have been tremendously impressed with the development jobs that have been performed by either the technical service departments or the plant engineers that were originally placed out on loan by the Research Corporation to the mills.

"Now that we have so many new areas of study which we want to investigate in our manufacturing operations, I am writing to ask you whether you couldn't find very good use [3070] in your organization for a trained engineer provided they could be located by the Research Corporation. It seems to me that in almost every instance where we have had such an engineer working, they have many times paid for their salary or they have been incorporated into the actual management of your operation with very desirable results.

"Could I please have your comments on this?"

When you talk about attending the mill meetings, you mean what we have referred to earlier as these mill achievement meetings? A. Those four or five meetings that were mentioned, yes, sir.

Q. Did you receive replies from the various mills in regard to your suggestion? A. I think I did receive the replies from some mills, yes, sir.

Q. And is the letter of Mr. Oeland, GC N-44, a reply to this memorandum of yours? A. Yes, sir. I did get this reply.

Q. Did you receive similar replies from other mill treasurers? A. I think I probably got a few, yes, sir.

Q. When you say "a few", how many would a few be? I think you have about ten—well, I think you have about twenty people listed on the initial page of your memorandum. [3071] A. I wrote so many letters like this that I

guess the treasurers became inured to receiving them. And I didn't generally get much more than fifty percent reply to a letter of this kind.

Q. You got about a fifty percent reply, then? A. I would think to this letter I got about a fifty percent reply.

Q. Where you were real eager to get the information, would you follow it up with another letter? A. I have said that on occasions I have followed up, and it generally took two or three letters to get answers from all to whom the original letter had been addressed.

* * *

[3072] Q. (By Mr. Dyer) Mr. Milliken, this memorandum, the first [3073] paragraph has reference to this: "Recently Tom Watson of Judson made a talk before the Maintenance Engineers at a convention in Chicago and because of questions directed to him from the floor after his talk, disclosed a great deal of what we are doing on machinery maintenance which subsequently got printed in one of the textile magazines."

How did this come to your attention? A. A treasurer called me up and pointed out to me. He said he thought it was rather foolish.

Q. And then you wrote this memorandum? A. Yes, sir.

Q. It states: "This release of information can only help our competitors and therefore hurt us, and I am writing this letter to say that we should and must adopt a policy whereby we close up any possibility of information on things that we are doing getting to our competitors either at a technical meeting or by articles in the trade journals."

Is Mr. Watson an engineer at Judson? A. Yes, sir.

Q. And do the engineers of the various mills sometimes go to outside organizations and make talks? A. He was the only one that ever did as far as I know.

Q. All right.

Mr. Dyer: I offer what has been marked GC N-46, being a memorandum addressed to various treasurers and managers from [3074] Mr. Roger Milliken dated September 15, 1955.

Trial Examiner: GC N-46 is received.

(The document above referred to was marked General Counsel Exh. N-46 and received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this memorandum states: "I am very anxious to make a spot check on the total number of people who are on your payroll the week ending September 17th, and then another figure as to how many people got less than 40 hours of work. If you do have a breakdown on this figure as to why they got less than 40 hours, I would appreciate your working this into the statistics."

Can you tell us what the purpose of this memorandum was? A. Yes, sir.

Somebody at a competitive mill with whom I had been talking had told me that they felt that it had been very helpful in their mill to them when they worked on the—when they worked toward the end of seeing that everyone who was on the payroll got 40 hours of work if the mill were running on a schedule of 40 or 48 hours.

It had been their experience that when persons who were on the payroll were not getting forty hours of work, that it was destructive of enthusiam and morale. And I was

anxious to find out in the mills with which I was connected what the story was.

[3075] Q. And did you get a breakdown from the various mills showing the reasons why the people worked less than forty hours? A. I did.

Q. Was the results of all the mills tabulated for you? A. My secretary put them together on a sheet of paper, yes, sir.

Q. What did you do with the information after you got it? A. I studied it.

Q. What did you do after you studied it? A. My study showed that where a mill had what was known as a large number of spare hands, that apparently in an effort to give those spare hands some work, they had asked the regular personnel on their payroll to not come in on a certain day or not report, or had sent them home. And that was the reason—where a number showed up as working under forty hours, that was the main reason for it.

Q. I think we have had reference before to a plan like the "Day of Rest Program". A. Yes, sir.

Q. Is that what you are talking about? A. Well, one mill in particular, the New Holland Plant of the Pacolet Manufacturing Company, had instituted a day of rest program, because many of the women, as I understand it, in the mill had asked Mr. Baker who was then the manager if they could not plan to work five days instead of six days, [3076] which was the mill's schedule at the time this schedule was started. And that was what the day of rest program was.

Q. It did not have any connection with the results of this? A. Well, it would have had if the New Holland Plant had been working on—had reduced its hours of operations normally from forty-eight to forty, as it has

since had to do, because that would have meant to give the same number of people employment, some employment during the week, the regular personnel would have had to work less than forty hours.

Q. After finding out that a number of the mills did have a number of spare hands who were being allowed to work this extra time, did you talk about this problem with the mill treasurers? A. I did discuss it personally with some of them, yes.

Q. Those that had the problem; is that the idea? A. If I remembered it when I saw them, yes, sir.

Q. Was anything decided on whether to continue that practice or not? A. That was, as in all these matters, something that was left entirely up to the treasurer as to what he would do about it. And I don't know what they did.

Q. Would there have been any monetary benefit to the cutoff—that is, would there have been any monetary benefit to cutting out the excess number of people working, or cutting [3077] down on the excess number of people working so that you could build them all up to forty hours? A. No, sir.

(General Counsel's Exhibit No. GC N-47 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer a memorandum from Mr. Milliken to various mill treasurers and managers dated September 23, 1955.

Trial Examiner: GC N-47 is received.

(The document heretofore marked General Counsel's Exhibit No. N-47 was received in evidence.)

Q. (By Mr. Dyer) Very briefly, Mr. Milliken, this concerns whether a mill should allow payroll deductions for Community Chest; is that right? A. That is correct.

Q. And you state in here: "This matter has been discussed several times and it was decided that it would be policy not to permit payroll deductions of any kind because of conviction that it is the right of the employee to do what he wishes with his money and that too much pressure can be brought to bear by overseers, second hands, and others when plant wide campaigns are on."

(General Counsel's Exhibit No. N-48 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer as GC N-48 a [3078] memorandum to some mill treasurers from Mr. Milliken dated December 10, 1955.

Trial Examiner: GC N-48 is received.

(The document heretofore marked General Counsel's Exhibit N-48 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this is in regard to requests for capital expenditure for shop equipment; is that right? A. Yes, sir.

Q. And in here you state that you have been reviewing the capital expenditure requisitions that have been coming in for new machine shop equipment which are all listed without showing any return on the investment.

You say "I think it would be wrong to approve these requests for shop equipment unless we prove that we can make money out of the expenditure. As I see it, we have been prodded by Frank Rowe and the machinery maintenance program to improve our machine shops, and it is

probably true that an improvement is necessary, but certainly it ought to be possible to show what benefit we could get out of such purchases.

"Therefore, before okaying any purchases for new machine shop equipment, I think you ought to review your request for same and have your plant engineer or master mechanic prove to you how he can get a return out of this [3079] investment—whether the return comes out of quality, which should be translatable into savings, or from whatever source."

Thereafter, when requests came in for machine shop equipment, did the requests for capital expenditures show a proposed saving? A. No, sir.

I think that it was concluded that it was impossible to translate improvements in qualities of machinery, repair parts made, on any logical engineering basis into a specific dollar amount.

Q. Into any dollars and cents amount? A. Yes.

And that while this was a desirable thing, that practically it wasn't feasible.

Q. Would the request for capital expenditure thereafter—— A. It might have "Quality improvement" on it.

Q. As to what particular quality improvement was planned through the use of the machines or just generally quality improvement? A. It might generally say the reason was "quality improvement".

Q. I see.

(General Counsel's Exhibit No. N-49 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer GC-N-49, being a [3080] memorandum addressed to Messrs.

R. L. Collett, E. F. Flanigan and C. W. Kable, Jr. from Roger Milliken dated December 12, 1955.

Trial Examiner: GC N-49 is received.

(The document heretofore marked General Counsel's Exhibit No. N-49 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, in the first paragraph you state: "It has come to my attention that in one recent instance one of the mills was securing less for depreciation on certain items than it is possible for us to do under the regulations."

Mr. Schoemer: "Was accruing".

Mr. Dyer: Yes.

Q. (By Mr. Dyer) Can you tell us how that came to your attention? A. No, I can't remember.

Q. All right.

"Because getting the maximum depreciation charge is of enormous importance to our business, if we are to provide the funds to keep modernized, I am writing this letter to ask you as a committee of three, with Charlie Kable as chairman, to make an immediate study of our situation in all mills with the objective of setting up procedures that will insure the attainment of the following objectives:

"1. That we get as charge-offs against current [3081] expenses all these items that can be so charged.

"2. That we set up the maximum depreciation possible on each item purchased.

"As it is now, each mill shows a different procedure on this and it is my hope that as a result of your joint study, it will be possible to work out a uniform procedure that will accomplish the above goals.

"I am sending a copy of this letter to all of the treasurers so they may know of this program and will be prepared to discuss this with you as your study proceeds."

Can you tell us what happened after this committee was set up? A. I think that as a result of this the whole matter, Mr. Dyer—Mr. Kable finally had a conference with the head of the Engineering Division of the Treasury Department that handles depreciation for the textile industry with a view to clarifying what maximum amounts of depreciation were permitted by the Treasury Department under the tax law as it had been revised to change the method of computing depreciation by all industry.

Q. Well, following his talk with the Treasury Department, what happened then? A. Well, the Treasury Department prepared a listing of how they would rule that certain items would be classified. As to the years of life on certain general broad areas of textile equipment I am speaking of.

[3082] Q. All right. What did Mr. Kable do with that? A. He made copies of it and made it available to the individual mills.

Q. In other words, this outline as set up by the Treasury Department showed what can be charged off as expenses? A. It showed the rate—as I remember it, it put all different kinds of textile machinery into certain classifications and said on classification "B" certain machinery fell in this classification, and on that they would decree that there would be a 12-year life permitted with a one and one-half residual remaining life at the end of the period, or something like that.

Q. That would be as to capital items; is that right? A. That is right.

Q. What about your point number 1? "That we get as charge-offs against current expenses all those items that can be so charged."

What did Mr. Kable do in regard to that? A. I think he also discussed that with the Treasury Department so that he could get a clarification on what items could be considered under the law as being permissible to be charged off, and hence under the general nature of repairs, and those items that while repairs to the machinery would be considered by the Treasury Department to be of a capital nature and that doing this would—getting this clarified [3083] would mean that there would be a lot of fuss and furor saved when the Treasury Department reviewed a statement of a mill at the end of two or three years and it would eliminate the need for the mill to pay back interests if any were determined to be due as a result of having improperly classified certain items.

Q. Was the information put on as one of the standard practice instructions? A. I don't know. I don't know what you mean by "standard practice instructions."

Q. There has been one already put in evidence. I think this is another one handed to me by Mr. Updike or Mr. Schoemer, called Comptrollers Division, Standard Practice Instruction. A. Yes, sir, I think this has to do with——

Trial Examiner: Well, no——

The Witness: This is a standard practice instruction inside Deering, Milliken and Company.

Is that the question.

Q. (By Mr. Dyer) It goes to all the mills, as I understand it. A. I understand this was standard practice as to what the personnel of Deering, Milliken and Company

would do about recognizing certain signatures on their books; whether they were to honor them or not.

[3084] Q. My question was: Whether under the general title of "Standard Practice Instructions", whether the information gathered by Mr. Kable would be put on a form similar to this. A. I don't think so, no, sir. Because that had to do solely with Deering, Milliken and Company.

(General Counsel's Exhibit N-50 was marked for identification.)

Mr. Dyer: I now offer what has been marked GC N-50, being a memorandum addressed to Mr. J. J. Norton from Mr. Roger Milliken, with copies going to some men at the Service Corporation and to some mill treasurers.

Trial Examiner: GC N-50 is received.

(The document heretofore marked General Counsel's Exhibit No. N-50 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this discusses a let-off motion for model E looms which Colonel Springs had probably worked up; is that right? A. He told me he had set up his own foundry for all of his mills, and that they were making these new let-off motions in that foundry which he thought were doing him a lot of good.

Q. All right.

You were asking Mr. Norton to do what? A. To check and see if the idea of a let-off motion on the model E looms that he had at Gaffney could show a return on the investment to him.

[3085] Q. Well, did you also ask him to check on Mr. Springs' let-off motion? A. Yes, sir.

Q. And to pass on anything he found of interest to the other mills? A. I did.

(General Counsel's Exhibit No. N-51 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer a memorandum dated December 21, 1955, from Mr. Milliken to various mill treasurers and managers.

Trial Examiner: GC N-51 is received.

(The document heretofore marked General Counsel's Exhibit No. N-51 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, in this memorandum, you are telling the mill treasurers or managers that after visiting several competitive mills you find that they are behind the DM Mills in the matter of spinning speeds; is that right? A. Yes, sir.

Q. And you state: "I think in this field we have an advantage over our competition that means a lot, and I am writing this letter to suggest that we keep this information as to what we are doing on our speeds as quiet as possible. May I suggest that whenever we have visitors from other mills [3086] going through that we do our best to keep off this subject of spinning speeds."

Do you know whether any information on spinning speeds was thereafter given out? A. I am sure it was.

Q. As to what the speed was or just general information on it? A. I am sure it was given out specifically.

Q. To competitors? A. Yes, sir.

Q. How long afterwards? A. I can't answer that, Mr. Dyer.

* * *

[3087] Q. (By Mr. Dyer) Mr. Milliken, what was this program that [3088] Mr. Hal Byrd set up? A. He said that he would try to get his buyers working for him to find out what was going on in competitive mills.

Q. And in bulletining this information to the members of the organization, meaning the DM Mills? A. The owners of the Deering, Milliken Service Corporation, yes, sir.

* * *

Q. (By Mr. Dyer) In the second paragraph you state: "Several of the mill managers have expressed enthusiasm for getting information this way, and I am writing to you to ask that you please plan to do something similar. One of the big problems of an organization like ours is that [3089] of getting as much information as possible and communicating it to all interested parties. Each of you is in contact with individual mills in our group and with other mills, and if you could please make a note to at least once a month write to all of the mills giving them any information that you have picked up either in our own mills or elsewhere that you think would be helpful to them, it would be extremely helpful to all.

"Could you please see that I get copies of these letters, as I am very anxious to follow new developments."

What happened to this program, Mr. Milliken? A. Mr. Dyer, I got, I think, approximately three letters of this kind from Mr. Byrd, and not a single letter of this kind from any of the other five men who are listed on here.

Q. Did any of the mills pick up this idea? A. What idea?

Q. Of passing around information which they picked up from other mills? A. No, sir.

* * *

[3090] Trial Examiner: General Counsel's Exhibit Number N-53 is received.

(The document heretofore marked General Counsel's Exhibit No. N-53 was received in evidence.)

* * *

[3092] Q. (By Mr. Dyer) Now, in visiting various competitive mills, did you, after returning, always write a memorandum somewhat like this? A. No, sir.

Q. For circulation to the mills? A. No, sir.

Q. If you were with somebody else, did they on occasion do [3093] it? A. Yes, sir, on occasion.

Q. Well, was there ever a time when either you by yourself or with somebody went to a mill that you did not circulate a memorandum telling what improvements you saw? A. Yes, sir.

Q. And would that be an occasion where you didn't see any improvements that you thought the DM Mills could use? A. It could have been for a number of reasons.

Q. All right. Was it regular practice——

Trial Examiner: Well, when you noted improvements, you passed that information on, did you not?

The Witness: Yes, sir.

Trial Examiner: All right.

Q. (By Mr. Dyer) Was it also regular practice for the mill treasurers or managers of visiting outside mills to write up a memorandum and pass it along to the other mills? A. If they thought something would be of interest to me or somebody else, they did write it, yes, sir.

Trial Examiner: That would be distributed to whom?

Q. (By Mr. Dyer) Would it be distributed to all the mills? A. I think it was, yes, sir.

Mr. Updike: When we say "all mills", we are talking about cotton mills, not comparing them with West Point?

The Witness: I can't ever remember his writing up a report.

[3094] Mr. Dyer: If they were visiting the cotton mills, they wouldn't.

Trial Examiner: If cotton mill managers found something of interest on a visit to another mill, would they?

The Witness: Yes, sir.

We had reference to Mr. Jackson writing a letter to Mr. Norton on his trip to Springs and he sent a copy of that to the cardedcotton mills.

* * *

[3098] Mr. Dyer: I now offer as GC N-55 a memorandum addressed to various mill treasurers from Mr. Milliken with copies going to Messrs. Byrd and Lowry, dated January 12, 1956.

Trial Examiner: GC N-55 is received.

(The document heretofore marked General Counsel's Exhibit No. N-55 was received in evidence.)

Q. (By Mr. Dyer) Can you tell us the background for this memorandum, Mr. Milliken? A. Yes, sir.

In November the Directors of the mills would meet; and [3099] this being a year end meeting, they reviewed the results of the corporation as estimated at that time for the year to determine the dividend that would be paid and made decisions as to the amount of money that would

be spent for new machinery in line with the recommendations made to them by the Treasurer.

As I have testified earlier, the Directors then, as practice, authorized the two officers, the treasurer and me, to execute the machinery orders in the way that we deemed it would be of best advantage to the stockholders of the particular mill.

As a result of that I asked Ken Lowry and Hal Byrd to review with me the machinery that we were—that machinery that these mills were going to buy and that Hal Byrd would be purchasing as agent for them with the idea of determining as a result of these individual corporation decisions the amount of any specific item that might be being purchased from a specific supplier and determining what group purchase discount would result therefrom, one of the purposes of this being that a mill would say, "Well, if I could buy this equipment at a lower price, it would show a return that would justify my recommending to you, the directors, that we purchase it. If, however, we have to pay this price that we have quoted, it did not fall into the category of showing a sufficiently good return."

So, to answer your question, the background of this request [3100] was to say that I had been reviewing them with Ken Lowry; that they would have on the morning of the 7th of February a report on what prices Hal Byrd had been able to negotiate; and the mill Treasurer could make a determination as to whether he wished to go ahead and buy the particular item in accordance with the authorization given him by the Directors or not.

Q. You also make mention here that as a result of this discussion they agreed to present to our meeting on

February 6 their conclusions and recommendations on different items. A. Their conclusions as to how many of an item these mills wanted individually and what that added up to.

Q. What would be the recommendations as to the type of machinery to be purchased? A. I can remember specifically there was one item which was bought, I think, from a company in Charleston named Long which was a compressor on a picker where they had been able to work out a very good deal. And they recommended at that time—and I think it came up at this particular meeting—that any mill considering it, whether then or for purchase a year later, buy it at that time, because the price was so good that they would never be able to come near getting it again a year later.

Q. You finish up that first paragraph by saying "Some of the recommendations that they will want to make will be [3101] confidential." A. Well, "recommendations" is a poor choice of words. Some of the prices they had been able to obtain was what I meant would be confidential.

Q. Well, at the meeting that took place, was there some pooling of orders?

> Mr. Updike: February 7, 1956 meeting?
>
> Mr. Dyer: That is right.
>
> The Witness: I am sure that whatever orders were placed as a result of that decision, if they were for the same item from the same manufacturer, they were pooled.

* * *

[3104] Q. (By Mr. Dyer) Mr. Milliken, this memorandum reads: "I have a letter from Joe Norton bringing up the question of our vacation plans which, as you know,

are subject to approval by Directors, which was a safeguard which was originally written into the plans in case of serious depression.

"If we have not approved vacation plans in our Directors' meetings, please feel free to go ahead and announce them so that the date on which you pay the vacation pay can be known."

In other words, this is to all the treasurers so that they can announce when the vacation pay will be paid; is that right? A. Mr. Dyer, as stated in here, when the vacation pay plans were originally written, to be conservative it was specifically stated by the—or it was stated in the plan of each mill, which was a plan special to that mill, that the plan [3105] would be—that the plan was subject to approval by the Directors.

Since then, the laws governing the deduction of amounts in previous years which had been accrued for pay plans which I think has been discussed in the hearings had been enacted by the Congress. And as I understood those plans, it said that when a company had accrued vacation pay for a specific employee under such and such a plan prior to December 31 of the previous year, that that money specifically belonged to the individual employee; so that the formal approval of the Directors could only then take effect if it were for pay for a following year.

In other words, the Treasury Department had written new law—or the Congress had written new law governing this matter.

Q. This was just notification to the mills that that was so; is that the idea? A. That is right.

Q. And that they could go ahead and announce the date they could pay the vacation? A. Yes, without having to

call a special Directors' meeting and have the Directors' specific approval of it for the previous year.

Mr. Updike: Is that clear, Mr. Examiner?

Trial Examiner: I think it is, yes.

[3106] Q. (By Mr. Dyer) I would like to ask one question with regard to it: Where vacation is to be paid, let us say, in July of 1956, for how long had the pay been accruing for that time? A. This is so technical and the law has been changed so many times that it is not clear in my mind. I think that it was the—I think that an employee that had been employed for more than six months and less than five years and had been employed from January 1 to December 31, was entitled to two percent of his or her pay at Darlington, which amount would be paid as of May 15 or June 15, or something like that.

* * *

[3107] Q. (By Mr. Dyer) Mr. Milliken, do you recall in 1956 writing to some cotton mill treasurers asking them "Do we have Directors authorizations for all the new machinery that we are committed for"? A. Yes, sir.

Q. What was the purpose of that memorandum? Just to make a double check to see whether everything was proper according to [3108] the books? A. That is right.

Q. You received replies from the Directors? A. Yes, sir.

Mr. Updike: You don't mean from the Directors, do you?

Mr. Dyer: Excuse me. From the mill treasurers.

The Witness: Yes, sir.

Trial Examiner: Before the recess I think you had referred to GC N-58. And then I suggested we

go off the record. I don't think that you completed that. I don't mean to take you off the track.

Mr. Dyer: Thank you.

Q. (By Mr. Dyer) Mr. Milliken, do you have GC N-58 there? A. Yes, sir.

Q. Did Mr. Norton get in touch with you regarding this special loom study project that he was setting up at Gaffney? A. He and I worked one out with the Draper Corporation who had brought out a newly developed high speed loom that they wanted to try out on a cooperative basis in a cotton print cloth mill. And this had reference to 150 looms that they were going to put into Gaffney on a cooperative basis with Gaffney to see whether such a loom could be made to work out in practice.

Q. You state that "in the coming week you will be receiving a letter from Joe Norton about a special loom study project [3109] that he is setting up at Gaffney, in which he will be asking you if you are interested in assigning managerial talent for education to this project. The number of men that he can take for this project is limited, but it presents an unusual opportunity for the training of personnel that you feel have future growth potential.

"I am writing this letter to ask you to please give his letter serious consideration and to do the same with the man that you will recommend from your mill. Great care is going to be taken in selecting the people who are chosen."

Did this loom study project come off? A. Yes, sir.

Q. And were men from the other mills sent to it? A. Only Monarch Mills thought it was worth their while to send a man to Gaffney to work on this project.

Q. Did any of the other mills tell you why they were not able to send men? A. No, sir.

Q. The selection of the men was to be made by the mills is that right? A. Yes, sir. It was made by Bill Sibley at Monarch.

(General Counsel's Exhibit No. N-59 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer two exhibits which are stapled together, the first being GC N-59, a memorandum [3110] from Mr. Oeland to Mr. Milliken dated December 21, 1955. The second being a letter addressed to Mr. Milliken from Mr. Oeland dated December 27, 1955. I offer that as GC N-60.

(General Counsel's Exhibit No. N-60 was marked for identification.)

Mr. Dyer: I note on the back there is a worksheet. This I believe was taken from the Darlington files. And I will detach that rough worksheet on the back.

Trial Examiner: GC N-59 and N-60 are received.

(The documents heretofore marked General Counsel's Exhibits No. N-59 and N-60 were received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, did you write similar memoranda to the other mills requesting information on this labor and overhead cost? A. The other print cloth mills, yes, sir.

Q. Did you receive replies from them as well? A. Yes, sir.

Q. Now, according to this, this information was given to you at West Point, that a good print cloth mill had a

labor cost of 16 cents a pound and an overhead of 16 cents a pound? GC N-60 is Mr. Oeland's reply giving you his figures for 1955 and his proposed figures for 1956; is that right? A. Yes, sir.

Q. Mr. Milliken, do you recall Mr. Oeland writing to you about an apron drafting system on roving frames, and you [3111] referring him to Lockhart as having done some work on that problem?

Let me read it to you: "I have just read your letter of March 11 where you refer to an apron drafting system on roving frames as being most desirable for you. In this connection I would like to refer you to the work that Lockhart has done where they have concluded that if a drafting system other than three looms, it is desirable that they recommend a Rieter drafting system rather than Platt. I thought that you would want to check with them on this."

Do you recall that? A. Yes, sir.

Q. Was this something that occurred every so often, that a mill would write you about some system, and you would know of others and you would refer them to other mills for recommendations? A. Every now and then if I thought of a place where they might get information, I would so indicate.

Q. Do you recall whether the work that was done at Lockhart was part of one of the projects which we have referred to earlier? A. No, sir. They had installed, and were the only mill that was connected with or that had installed Rieter roving frames.

Q. (By Mr. Dyer) Mr. Milliken, we have already referred to the—I think you called them period reports which the mills [3112] submitted to you every four weeks? A. Yes, sir.

Q. Now, did that report have a definite form and shape? A. It was generally different from each mill, but covered a certain number of points.

Q. Now, in addition thereto, did you also receive newsletters from the mills? A. Only from Darlington.

Q. Darlington was the only one? A. Yes, sir.

Q. And generally do you know—— A. Excuse me. I received them weekly from Darlington. I received one once a month from Monarch.

Q. All right.

Did you receive any other newsletters from any of the other mills? A. No, sir.

Q. Did you receive the period reports from the other mills? A. Yes, sir.

Q. Now, the purpose of Mr. Oeland's newsletters were to keep you informed weekly as to what was going on at Darlington; is that right? A. No, sir.

Q. What was the purpose of them? A. Shortly after he went to Darlington, Mr. Oeland told [3113] me that if it was all right with me, he would like to keep sort of a personal diary which he would like to put in the form of a weekly letter to me so that he could put down what he was working towards, what his goals were, and what his accomplishments had been. And I received them on that basis.

Q. Did you ever have any comments to make in connection with them to Mr. Oeland? A. He tells me that I did not.

Q. Mr. Milliken, I show you a newsletter dated May 30, 1955, and direct your attention to the last paragraph on the second page.

Mr. Oeland states he is enclosing two requests for donations. He states: I am under the impression that you told me that donations as a whole from the Deering, Milliken

group were being made to the Committee for Constitutional Government. And, therefore, you will note that we have not sent a check since 1953."

Can you tell me what that refers to? A. Yes. I told him I had personally made a contribution to the Committee for Constitutional Government.

Q. That you personally had? A. Yes.

Q. How about the mills? Were the mills making any donations? A. He said he made one in 1953. But I very much doubt if [3114] any other mill did.

Q. He states he is under the impression that the donations were being made as a whole from the Deering, Milliken group. I was wondering if that had reference to the Deering, Milliken charitable organization. A. No. He asked me about it. This is what he refers to. And I said that I had personally made a donation, and I didn't think it was desirable for Darlington to do it.

Q. He also makes mention of the other requests for a donation in connection with the mental health program.

He states: "We are trying here in Darlington to employ a full time person on mental health to help with the school problem. We here at Darlington make our donations to a local cause where we would perhaps get the most credit. In any event I will be glad to be guided by your wishes."

What did you tell him in regard to that? A. I think the reason he wrote me on that was that I was a close friend of Mr. Charlie Daniels who was a contractor who has done a lot of building in firms that I am connected with and who was a former interim appointee to the United States Senate. And he wished to know if I had a specific thought on this request because it came over Mr. Daniels' signature.

Q. What did you advise Mr. Oeland? A. I don't know whether I advised him anything. I would gather that I did

not answer this, because he said that he [3115] expressed a preference to do it locally if, as, and when the opportunity came up.

Q. In his newsletters Mr. Oeland advised you as to various changes he was making in the mills.

For instance, do you recall being advised that he was going to make some changes in drawing frames and that he was hoping to take out one drawing frame tender on each shift and a creeler on the roving frames?

Mr. Updike: I object to the question. I believe that Mr. Dyer is trying to summarize in a way. But he has asked two questions. One is that: Did Mr. Oeland generally advise you in the newsletters what he was doing at the mill?

How the witness would know the answer to that I don't know.

Then he says "For example, did he advise you this." That is what the witness thinks he is answering, but in reality he is answering two questions, one of which is general as to a practice and the other is immediate as to a specific instance. I don't think the question is really proper.

Mr. Dyer: All right. I will revise it.

Trial Examiner: Let me recall to you, Mr. Dyer that the witness has told us that Mr. Oeland said that he proposed or he would like to keep him posted on his goals and accomplishments.

Now, that is a general statement, but that seems to cover [3116] what you——

Mr. Dyer: Well, I wanted to find out how particular it got, sir.

Trial Examiner: All right.

Q. (By Mr. Dyer) Did it get down to the particular point where Mr. Oeland was telling you the changes he planned to make in personnel during the week.

Mr. Updike: I don't think that is susceptible of an answer. He may have from time to time advised me, but as to whether he did all the time the witness couldn't possibly know, I don't believe.

Mr. Dyer: I will take it on the basis of did he from time to time advise you of the changes he was making in personnel at the mill each week?

The witness: I think what he was advising me about——

Trial Examiner: Well, specifically did he advise you about intended changes in personnel?

The Witness: The way I would like to answer that—because what was meaningful to me was that he was advising me about what steps he was taking to reduce his costs.

Trial Examiner: And did that include personnel changes?

The Witness: Yes, sir.

Trial Examiner: Anything else, Mr. Dyer?

Mr. Dyer: Not on that particular point, no, sir.

[3117] (General Counsel's Exhibit No. N-61 was marked for identification.)

Mr. Dyer: Mr. Examiner, I offer in evidence what has been marked GC N-61, being a letter addressed to Mr. Milliken from Mr. Oeland dated August 5, 1955.

Trial Examiner: GC N-61 is received.

(The document heretofore marked General Counsel's Exhibit No. N-61 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, I direct your attention to the first paragraph concerning Mr. Bill Goodwin coming to Darlington to work on the weaving problems. I had better read the whole paragraph.

"I called Ken Lowry at Hartsville after our telephone conversation with regard to the possibility of Bill Goodwin staying with us three months to see if he could straighten out our weaving problems. Ken said in view of the fact that we are already making plans to have Bill come here to work with me that it might be better to continue along with those plans and let the matter of a longer period of time here unfold itself. I believe this is the best approach and we will keep in mind your suggestion, and as Bill gets into the problems he finds with us we can then make a decision as to whether to let him concentrate on this problem for a longer length of time."

What was your suggestion in this regard, Mr. Milliken? [3118] A. Well, I think that when I was down at Darlington for the Directors' meeting in July of that year, and Mr. Oeland was reviewing the situation for me, he made the point that he was having a real problem in his weave room with efficiencies and so forth.

And I asked him if he had used Bill Goodwin whom I knew had had a background of training with the Draper Corporation and was very knowledgeable in this field—if he had used him to the full extent of his capabilities?

Q. Did you offer any suggestion to Mr. Oeland about employing Bill Goodwin? A. No. I just told him that I had heard that he was an excellent man and I wondered if he couldn't use him in some capacity.

Q. All right.

In this memorandum, or letter rather, in the fourth paragraph on the first page Mr. Milliken makes mention of the Barnes Textile survey——.

Mr. Updike: You mean Mr. Oeland?
Mr. Dyer: Excuse me. Yes.

Q. (By Mr. Dyer) Mr. Oeland makes mention of the Barnes Textile Survey, and Mr. Woodward coming there to discuss the second phase of their weaving survey.

He mentions that Russell Newton mentioned at a conference that he knew Mr. Woodward and would like to sit in on the [3119] next conference. And he has arranged for him to do so. Mr. Lowry is considering coming back or having someone from his department here at the same time.

Now, was it customary to have the Service Corporation or members from the Research Corporation present when an outside textile survey was being made? A. You will remember, Mr. Dyer, that Mr. Oeland and I and others of the Directors were very worried about Darlington's situation in the weave room. I think if I remember correctly the efficiency had dropped to something like 82 or 83 percent at this time, or earlier; and it was as a result of that that he and I felt that it was necessary to get an outside textile consultant in to study our situation and see if they could find out what was wrong.

And this was in addition to Mr. Oeland's asking Russell Newton what he could suggest to help.

You can see Mr. Mobley of Research was down there to see if it was in the slashers that the problem was. And he also was asking Mr. Lowry and Bill Goodwin to—all of whom were in the Service Corporation—to see if they couldn't come up with an answer to this problem. And I

think that there was nothing usual about this kind of a meeting. This was a special meeting on a very special problem that Darlington had.

Q. My question is: Where you do have an outside survey [3120] being made, ordinarily does——

Trial Examiner: Well, the witness told us this was not usual. Now, before we go further, I would like to find out whether an outside survey is usual, or how common it is.

Mr. Dyer: All right.

Q. (By Mr. Dyer) Is an outside survey usual or unusual? A. It is quite unusual and only used where there is a very specific serious problem.

Q. And where that unusual situation does develop, do personnel from the Service Corporation or Research Corporation set in on it? A. In the other instance that I think of where this was done, personnel from the Service Corporation and the Research Corporation who had also been working on the same problem did sit in on the meeting.

(General Counsel's Exhibit No. N-62 was marked for identification.)

Mr. Dyer: I offer what has been marked as GC N-62, being a letter addressed to Mr. Roger Milliken from Mr. Oeland, dated August 10, 1955.

Mr. Schoemer: That is not a newsletter.

Mr. Dyer: Yes. This is a regular letter.

There is no heading "Newsletter" on it as there was on the previous exhibit.

Trial Examiner: GC N-62 is received.

[3121] (The document heretofore marked General Counsel's Exhibit No. N-62 was received in evidence.)

Q. (By Mr. Dyer) Now, in this letter Mr. Oeland discusses the steps he took to get these overseers to work together to reduce loom stops. He says he wants to let you know the action.

He stated that he called them together and told them about Mr. Stallworth making plans for a change, and he states "While I had them together I discussed the fact that Barnes Textiles stated that competition was able to get their loom stops down to .5."

He stated: "I stated that Barnes Textiles had said that they felt there were some things we would have to do in the way of putting pneumafil on all our spinning and reducing the speed of our X-model looms from 182 to 168 picks per minute. That even though we might question the possibility of going down to .5 loom stops, we could go to 1.0 where we were last August and September."

Then he states "I went over the fact with the group that our pay on a number of studied jobs like weavers, drawing tenders, roving tenders, spinners and doffers was well above the average of competitive mills within the Deering Milliken group and information we had received on other mills; that we had known for some time that the pay of our overseers was less than other of the D. M. Mills; [3122] that I have been on the defensive in that we had failed to produce at Darlington in comparison with other mills as far as results from a cost angle were concerned. That I was going to make a proposition to the overseers that as a group if we would work together and get our loom stops down to 1.0

that all the overseers would get an increase of 10 percent in salary.

"We would still be under most of the mills in the D.M. group but I felt a shot in the arm might be a good thing at this time. I did not want to have a let-down, and feel that if the overseers will accept the responsibility we can go right ahead on our program of reducing our loom stops. I already have noticed some things that have been done that encourage me to believe we will show improvement here. There is no doubt in my mind it can be done."

Did Mr. Oeland discuss this with you before he wrote this letter? A. No, sir.

Q. Did you reply to the letter? A. No, sir. I was on vacation at the time.

Q. When you got back and read the letter, did you thereafter discuss it with Mr. Oeland? A. No, sir.

Q. Now, as to the information on the pay for studied jobs in other mills, where would Mr. Oeland have gotten that [3123] information? A. I think this letter is writing about the time of the other meeting we discussed this morning where a wage increase went in. And he had seen information on wage rates from other mills and had probably discussed his rates with other mills in the so-called Deering, Milliken group at that time.

Q. He mentions the studied jobs, the pay rates on studied jobs.

What does that refer to? A. I think that means on jobs that his industrial—that the Darlington Industrial Engineering Department had studied and on which they set up a studied piece rate.

Q. Well, would that also refer to the fact that those same jobs had been studied at other mills, since he is talking about comparison of pay? A. Not necessarily.

Q. All right.

He also mentions in here about the pay of supervisors and overseers. Was that information available at the conference on wage rates? A. No. I think I said that I didn't remember it was discussed at that time. But he probably asked the question at that time.

Mr. Updike: Mr. Buchanan, may I suggest that we know [3124] we are going to have Mr. Oeland as a witness. And he is asking Mr. Milliken a number of questions here which invites Mr. Milliken to speculate on what was in Mr. Oeland's mind. And I do think it might be deferred appropriately.

Mr. Dyer: This is information which I thought Mr. Milliken might have.

Trial Examiner: Well, his last answer was "Mr. Oeland probably". And then he went on.

Mr. Dyer: Well, I will be glad to take it up with Mr. Oeland.

(General Counsel's Exhibit No. N-63 was marked for identification.)

Mr. Dyer: I now offer as GC N-63 a letter addressed to Mr. Roger Milliken from Mr. Oeland dated August 31, 1955.

Trial Examiner: GC N-63 is received.

(The document heretofore marked General Counsel's Exhibit No. N-63 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, in this letter Mr. Oeland refers to Mr. Goodwin's transferring to Darlington. He states: "Over the weekend he talked to Mr. Lowry and told me Monday that he had Mr. Lowry's approval for the transfer. I called Ken and confirmed this understanding. We both made it clear with Bill that there would not be any looking back as we felt one of the things he must decide was whether he wanted to come, and not have this back and forth situation [3125] that we have experienced. This is clear with him, and he has accepted the position.

"I feel sure this meets with your approval."

Did you express your approval or disapproval to him thereafter of the action? A. No, sir.

Q. In the bottom paragraph Mr. Oeland refers to two other individuals he has interviewed.

Do you recall thereafter asking Mr. Oeland for results of his interviews with these two individuals? A. I think that I remember that Mr. Oeland wrote me about one of these men saying that he had interviewed him and thought that he might be—well, it says here "I was very much impressed with Mr. Funderburk, and feel that Mr. Deal has good potentialities in our organization."

And I don't know whether he wrote another letter about them or not.

(General Counsel's Exhibit No. N-64 was marked for identification.)

Mr. Dyer: I offer GC N-64, being a letter addressed to Mr. Roger Milliken from Mr. Oeland with two attachments, dated September 5, 1955.

Trial Examiner: GC N-64 is received.

(The document heretofore marked General Counsel's Exhibit No. N-64 was received in evidence.)

[3126] Q. (By Mr. Dyer) After reading the letter, do you recall whether you asked Mr. Oeland for his impression of these two individuals? A. Yes, I think I must have.

Q. All right. And this letter——

Mr. Updike: This letter being N-64?

Mr. Dyer: Yes.

Q. (By Mr. Dyer) There are attached two memoranda, both addressed to you, one dealing with Lewis Deal and the other with James Funderburk.

Can you tell us what you did with the information after you got it? A. I think I probably gave it to Charlie Johnson and asked him if he had any request from any mill for persons who had this kind of a background.

To the best of my knowledge neither of these men became associated with any mill that I am connected with.

(General Counsel's Exhibit No. N-65 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer a letter addressed to Mr. Milliken from Mr. Oeland dated August 29, 1955. There is an attached schedule on the back.

Trial Examiner: GC N-65 is received.

(The document heretofore marked General Counsel's Exhibit No. N-65 was received in evidence.)

[3127] Q. (By Mr. Dyer) I think this has been referred to before, the wage conference that was held at Drayton. And in the second paragraph Mr. Oeland refers to the information that was made available at Drayton.

And in this letter he sets out the percentages of increase, et cetrea.

> Mr. Updike: Is there a reference there to a wage conference?
>
> Mr. Dyer: We were talking about Drayton. In the previous testimony we were talking about the wage conference held at Drayton.
>
> Mr. Updike: There was a wage discussion held some place. Or there is a discussion of wages some place. But whether it was a wage conference is something else.
>
> Mr. Dyer: All right.

Q. (By Mr. Dyer) Was this the wage conference or discussion or whatever you want to call it—well, was it held at Drayton? A. Yes, sir.

Q. In here Mr. Oeland lists certain percentages of increases. Did you receive similar letters from the other mills telling you what percentage rates they were going to increase their personnel? A. No, sir.

Q. Were you informed by any of the mills as to what their [3128] plans would be in regard to this increase; whether they planned to give the full five percent increase or lesser amounts? A. No, sir. This was a decision that was made, as was the case here at Darlington, by the treasurer.

Q. I was just asking whether you were informed of what the decision was? A. I was informed at Darlington.

But I do not remember receiving any other letter from any other mill on this subject.

Q. Mr. Milliken, do you recall writing a letter to Mr. Oeland advising him that he should use his personal car for mill business? A. Yes.

Q. And the basis of your writing to him was so he could claim use of the car as a tax deduction; is that right? A. I think it is wrong to say he should use it.

Q. Well, authorizing him; is that the idea? A. I was merely writing down in the form of a letter from me as president to him as treasurer my understanding of what he was doing with his car, and that under the rules established by the Treasury Department, this would make it possible for him to take some tax deductions for same.

Q. All right.

Then, in the letter you said "I want to authorize and request you to provide a car for these services." Do you [3129] recall using those words? A. Yes, that is right. That was what I was told was the way it would make it possible for him to get a tax reduction for something that he was doing in the course of business.

(General Counsel's Exhibit No. N-66 was marked for identification.)

Mr. Dyer: I offer what has been marked GC N-66, being a letter addressed to Mr. Roger Milliken from Mr. Oeland dated September 5, 1955.

Trial Examiner: GC N-66 is received.

(The document heretofore marked General Counsel's Exhibit No. N-66 was received in evidence.)

Q. (By Mr. Dyer) Mr. Milliken, this is in regard to Mr. Oeland—well, let me read it:

"In our conference this morning among our supervisors both Bill Hawkins and Bill Goodwin recommended that we go ahead and buy the tension device put out by Brush. We are preparing an authorization and forwarding for your signature. We had this device on trial for ten days and it was their recommendation that we buy it. I trust that this meets with your approval."

Would this be a capital expense items, Mr. Milliken? A. It would be a capital expenditure, yes, sir.

Mr. Schoemer: The original of the letter bears the legend "Okay, R. M."

[3130] Mr. Updike: Would it save time to put on the record that the practice with respect to all matters of capital expenditure was to——

Trial Examiner: Well, I thought we had that.

Mr. Updike: —was submitted to Mr. Milliken for his approval as president of Darlington or the respective mill corporation that was involved.

Mr. Dyer: The only question I had here was whether that was to be considered as a capital expenditure or more or less as an expense item.

The Witness: Capital expenditure.

Mr. Dyer: If I could have a few minutes, I might be able to cut out some of this material here?

Trial Examiner: Off the record.

(Discussion off the record.)

Trial Examiner: Back on the record.

We will take a five-minute recess.

(Whereupon, a short recess was taken.)

Q. (By Mr. Dyer) Mr. Milliken, do you recall receiving a request for a capital expenditure on a doff box conveyor at Darlington and writing a memorandum back to the mill stating that you are wondering if this is something we want to do, because it only shows us a return before taxes of fifteen percent, which is very, very low. A. Could I see that?

Q. Sure. [3131] A. That is right. I did write such a letter.

Q. And have you turned down other requests for capital expenditures because the return on investment was low? A. Yes, I have.

Q. Is that one of the criteria you used in deciding whether or not an expenditure is worthwhile? A. Yes, sir.

Q. What other criteria do you use? A. That is the basic one—return on investment.

Q. As far as the Institute of Textile Technology is concerned, the members reported on a three year contract basis; is that right? A. That is the standard form of contract, yes.

Q. Do you recall authorizing Darlington to enter into a three year contract in June of 1956? A. The Directors did.

Trial Examiner: Three year membership contract, did you say?

Mr. Dyer: Yes, sir.

Q. (By Mr. Dyer) Did you tell Mr. Hance to send the contracts directly to the mills for their execution? A. Well, I think that he always did do that.

(General Counsel's Exhibit No. N-67 was marked for identification.)

Mr. Dyer: Mr. Examiner, I offer a letter addressed to [3132] Mr. Roger Milliken from Mr. Oeland dated May 9, 1956.

Trial Examiner: GC N-67 is received.

(The document heretofore marked General Counsel's Exhibit No. N-67 was received in evidence.)

Q. (By Mr. Dyer) In this letter——

Mr. Updike: Mr. Dyer, our filing system is less than perfect today.

Mr. Schoemer: I assumed Mr. Oeland would be asked about these things.

Q. (By Mr. Dyer) In this letter Mr. Oeland discusses the plans for vacations in the first paragraph.

He states he discussed it with Mr. Poag and he states he feels the plan has merit and would like to recommend that we plan to do this, making announcement at the appropriate time if Mr. Poag approves.

In the second paragraph: "It is my opinion that it would encourage our good people to work up until that time if they had it to look forward to. From the condition which I set out in my letter today, it looks like the card room will have very little spare help and we will have to arrange to get in more to give these good people vacations on their request. I would like to have your approval before we move in the matter."

Did you give Mr. Oeland your approval? A. I don't remember. This is a very unusual form of request [3133] to me. And I don't know whether I answered this or what I told him if I did answer it.

Q. All right. It could have been a telephone conversation or letter? A. Yes, sir. Or nothing at all.

Q. Do you know whether Mr. Oeland went ahead with these plans? A. No, sir, I do not.

Q. Earlier today I asked you about the—I asked you if you had sent a letter to DM Mills asking them how many people they had on less than forty hours.

Do you recall that? A. Yes, sir.

Q. I show you the letter from Mr. Oeland and ask if this is his reply.

Trial Examiner: Was the other letter received in evidence?

Mr. Dyer: Maybe this is the second reply.

Mr. Schoemer: Apparently it was GC N-46, dated September 15.

Mr. Dyer: This can't be a reply, then.

(General Counsel's Exhibit No. N-68 was marked for identification.)

Q. (By Mr. Dyer) Mr. Oeland, in this letter, talks about "We trust that by the next treasurers' meeting we will have materially reduced the number of spare hands and thus decreased the number who get less than forty hours a week."

[3134] Had you made a second request after the first initial one? A. When was the first one put in?

Q. September 1955. A. I think I did.

Trial Examiner: September, 1955?

Mr. Dyer: Yes. And this is 1956.

The Witness: I think I did, Mr. Dyer.

Q. (By Mr. Dyer) Now, Mr. Oeland breaks down how the various people who got less than forty hours and on what basis they were not getting forty hours. He states:

"Mr. Goodwin is steadily working on eliminating spare help. Where we have someone dropping out we are either arranging to transfer spare help from another department or seeing if it is possible to do without the spare help in the department which lost the employee. We are hoping as time goes on we can educate our employees to the importance of regular work and this will help us do away with the group that are continually out sick part of the time."

Was there a program of any sort in regard to eliminating the number of spare help at all of the mills, or was this only at Darlington? A. Mr. Dyer, answering your question: When the information came in to me the second time and the first time, I was startled to find that a great many of the mills who answered [3135] were operating without any spare help at all.

I remember where a mill reported they had 250 jobs in the mill and 248 employees; and as against that there were a number of mills, Darlington being one of them, where there were approximately ten to twelve to fifteen percent of spare help. I don't remember which it was. And that resulted in this lack of forty hours per week. And not having any experience myself in manufacturing or administering such a problem, I asked question of people who had a large number of spare help as to why it was that Mr. Oeland was—Mr. Oeland was obviously one of them—why it was he had so many, and was it a desirable thing to do or was it just a bad habit that had grown up in a particular situation because it had always been that way.

Q. Well, would Mr. Oeland indicate to you it was just a bad habit? A. Mr. Oeland indicated to me he felt it had gone farther than it needed to go. He felt, as I remember it, that he needed more spare hands, and perhaps some other mills did, in his opinion.

Q. Now, in the other mills that had spare help, did they also indicate that it was a matter of bad habit there too? A. No. Some of them insisted it was right for them to have as many as they had. And that is the way they felt it was best to run their particular mill.

[3136] Q. I see. A. As I remember it, Pacolet mills said that they had a lot of older women that had been employed a longer time that appreciated the opportunity to get a day off and that they felt that they preferred to work that way.

Q. Were there other situations like the one you have illustrated at Pacolet where it was desirous to keep spare help? A. Yes, sir.

Q. Where there was no—when the mill gave no particular reason for keeping spare help, did they admit that it was a matter of bad habit? A. Well, I didn't get an opportunity to discuss it with every mill.

Q. Where the mill did not present a reason for keeping spare help, did they go ahead with a program to reduce the number? A. Mr. Dyer, what I did was I asked the question "Do you feel after you see these figures that I have that what you are doing is right?"

"If you do, go ahead and keep doing it. If there is, you think, something you can learn from this, I hope you will do it the way you think is right for your particular situation."

(General Counsel's Exhibit No. N-69 was marked for identification.)

Mr. Dyer: Mr. Examiner, I now offer as GC N-69 a letter addressed to Mr. Roger Milliken from Mr. Oeland dated August 3, 1956, with the caption "Newsletter".

[3137] Trial Examiner: GC N-69 is received.

(The document heretofore marked General Counsel's Exhibit No. N-69 was received in evidence.)

Q. (By Mr. Dyer) In the first paragraph Mr. Oeland makes mention of having Mr. Lowndes of DMIED showing charts to supervisors. The charts that they had at the last treasurers' meeting.

He says: "I feel that this was very helpful in putting over to our group where we stood as compared to the other mills as well as the progress that is being made by some. I was delighted at the interest some of our overseers had in the charts, especially our spinning room overseer who is working very hard to improve his cost. The results are already showing, and I feel sure as time goes on he will continue to make improvements. We realize in our carding that we will have to keep pushing if we want to hold the position we presently have. As soon as we can complete some plans that we have of installation of pneumastop, and dragline to pull out the roving cans we will make further improvements in costs."

Are those charts the ones referred to previously today? A. Yes, sir. Progress charts against goals and reducing costs.

And it was a suggestion of a number of the treasurers at the treasurers' meeting that it would be very helpful to [3138] them in working out their own program if Bill Lowndes could come down with the charts and make a presentation to Darlington. For instance, as to what the story was.

* * *

[3157] The Witness: I have checked, Mr. Dyer personally. And as to the Lockwood Company I find that there were 24,373 shares of common stock outstanding, of which the lin[illegible] descendants of my grandfather, either directly o[illegible]ndirectly, owned 11,747 shares, or less than a majority; slightly less than a majority.

Q. (By Mr. Dyer) I believe you said directly or indirectly. That would mean through Deering, Milliken or Cot-Wool? A. Yes, sir, or something like that, or trust or however.

Q. Yes. A. As to the Dallas Manufacturing Company, I have checked and find that there were—well, can I make one other addition on Lockwood? That there were a total of 214 stockholders.

As to the Dallas Manufacturing Company, there were a total of 145 stockholders. There were a total of 15,000 [3158] shares of common stock, of which 8,328, or slightly more than a majority, were owned by the same persons directly or indirectly as described previously.

Q. All right.

I think we had one other question as to this article, the editorial which appeared in the Keowee Courier, from Walhallo, South Carolina. Did you look into that matter to determine whether you sent the copies of that around? A. Yes, sir. I checked with my secretary.

Q. All right. A. And she checked back and found that we had maintained a scrapbook of clippings that were sent to us or were extracted from newspapers during the period that the affairs of the Darlington Manufacturing Company were in the papers.

She found an excerpt from the newspaper itself of this editorial. She also found a similar copy to the one you showed me the other day. I asked her if we had prepared this. She said we had not. That this was not written on her typewritter. And it had obviously come in from somebody. She didn't know from whom.

* * *

[3162] Q. (By Mr. Dyer) Mr. Milliken, do you have General Counsel's 69? A. Yes, sir.

Q. I direct your attention to the last two sentences in the second paragraph. A. Yes, sir.

Q. Did you thereafter comment to Mr. Oeland in regard to that matter? A. No, sir I did not. Because I did not receive this letter until after the election had taken place.

Q. You mean you were on vacation from the time of August 3rd until after September—— A. Well, I have checked my calendar backwards, and I find that I went on vacation the end of July and subsequently went out to the Republican Convention in San Francisco where I was a Delegate. And then immediately following that, I flew back to New York and took a boat to Venezuela and did not return to New York until September 4. I took the train down South on the fifth—I took the train down South on the 6th and arrived home on the 7th of September. So that I did not see any mail that had accumulated in my absence until that time.

Q. All right. Do you recall reading this letter at that [3163] time? A. I must have read it somewhat later; probably a week or so after that when I was catching up with the less pressing communications that come in over a period of four or five weeks.

* * *

[3169] Trial Examiner: Well, I think we want to know whether or not there was any.

Mr. Updike: Do you have any recollection of having communicated with him?

* * *

[3170] Trial Examiner: General Counsel's N-73 is received.

* * *

[3171] Q. (By Mr. Dyer) Let me direct your attention to the fifth paragraph? He states: "I had a call from Mr. Lowry listing sixteen of our office and supervisory personnel who DMIED agrees to carry for a period of three months after their separation from the Darlington Payroll. We have notified each of these men of the action taken and I feel sure that they very much appreciate it."

He goes on to state: "Several of the men have been discussing jobs with other organizations. If they can have this information for a background of their standing should they seriously consider making a change to plants other than D.M. it will be very helpful."

Can you tell us how arrangements were made for DMIED to carry these people on the payroll? Or who suggested it? A. I believe that Mr. Lowry has said that he knew as head of the Service Corporation that the mills for which the Service Corporation was working were constantly looking out for qualified people; he felt, as I understand what he says, that there were at Darlington qualified personnel, and that he would be—knowing of them and having known some of them personally, I guess on his visits down there, that he would be glad to—that he had plenty of work personally for them, [3172] and he felt sure that

if he was able to hire any of them—and he subsequently was unable to hire any—that the mills for which his service corporation was working would want them.

Mr. Updike: May I interrupt just a second?

The reference to Mr. Minot Milliken's testimony is Exhibit B-4; where the year end—where the figures were given.

Q. (By Mr. Dyer) Did you have any conversation with regard to DMIED picking up these individuals? A. Yes, I think I did.

Q. Did you approve the plan? A. He told me that he needed men himself and that he was sure the mills for whom he was working needed them, and that he thought this would be a splendid source of obtaining such personnel.

And I said I think that you are exactly right.

* * *

[3173] Q. All right.

Now, as to the—during this time that plans for the sale were proceeding, and the brochures regarding the Darlington sale had been made out to various mills throughout the Southeast—is that right—— A. They were mailed out to as full a mailing list as it was possible for the Samuel T. Freeman and Company and Hal Byrd to get together.

Q. All right.

Did the people notify you whether they were planning to come to the sale or not? Did they notify Darlington of that? A. A great many people during this period from other textile mills made visits to the plant to look over the machinery, and they then indicated whether they were coming or [3174] not. And I kept asking Mr. Oeland, who had been there, and who was coming, because I was very

anxious on behalf of the stockholders in getting the largest possible price for the machinery, to see that as many people came as were interested in coming.

And in that connection I think I sent quite a number of telegrams myself to heads of textile organizations encouraging them to come.

Q. All right.

Now let me direct your attention to the last paragraph on the first page, about the fourth line from the bottom:

"We received from Lockhart this week some equipment that they are planning to sell along with our equipment. We are cleaning out a warehouse and putting all this equipment sent here by other mills in one warehouse so there will be no confusion as to what is what at the sale."

Can you tell us who suggested that the other mills get rid of their surplus equipment through the Darlington sale? A. I think Hal Byrd suggested that if some mills had some movable equipment that they wanted to sell, that he thought he could work it out with Mr. Addison Freeman of Samuel T. Freeman and Company to auction this eqiupment off at the same time.

Q. Was this equipment listed in the Darlington Catalogue? [3175] A. I don't know.

Q. Was any reference at the sale made to the fact that this was not Darlington equipment? A. I just can't remember. I think it was.

* * *

[3183] Q. (By Mr. Dyer) I wanted to ask a question regarding the retirement plan. I think there has been a bit of confusion in the past as to how many retirement plans there are. I hand you a letter addressed to Mr. E. L. Meyer from Kate MacFarland; the heading reads "The Deering, Milliken Mills' Retirement Plan."

As I understand it this is a general plan which the mills individually adopt—is that the idea? A. No, sir.

* * *

[3184] Q. (By Mr. Dyer) Then can you tell us, since this seems to say one plan, what actually took place? A. All right, sir.

The Darlington Manufacturing Company, the directors, and stockholders thereof in the past have approved a plan to cover the salary, all of the salaried employees of the [3185] Darlington Manufacturing Company. The stockholders and the directors of the Monarch Mills approved a plan covering all of the salaried personnel of the Monarch Mills Corporation. The funds generated by the employees contributions and the company contributions to this plan which were made on an actuarial basis, computed specifically for each mill's plan, were deposited with J. P. Morgan and Company, Incorporated, and they lumped all of the funds together for purposes of investing them in Government Bonds, Municipal Bonds, Preferred Stocks, and/or common stocks.

At the end of a year, as the yield on these capital assets were figured, that is to say 3.8 percent was the yield that took place, that 3.8 percent was credited to the Darlington Manufacturing Company plan on the amount of capital assets the Darlington Manufacturing Company had generated by their plan.

To illustrate the difference between the different mills and the way the directors thereof handled the plan, when Darlington Manufacturing Company was liquidated, the directors of the Darlington Manufacturing Company voted to continue in existence as set up the Darlington Manufacturing Company's Retirement Plan. When the Lockwood

Company was liquidated, the directors of Lockwood voted to purchase annuities for the remaining beneficiaries under the plan and disband the plan completely and terminate it.

[3186] Q. Well, can you tell us—if the plan at Darlington was continued—how were contributions made by the Darlington Manufacturing Company to that plan? A. They ceased at the time as of when an employee ceased receiving compensation from the company.

Q. In other words the plan was discontinued? A. No, sir. The plan is an entity. It has a certain amount of money in it. There are certain people to whom their own contributions and the company's matching contributions, plus the interest, earn on this during the period of the time of liquidation and since liquidation; it is set aside; it is all figured actuarily for each one. And each employee who is covered under the Darlington Manufacturing Company plan today may elect any one of the provisions that the retirement plan calls for, as to whether he wishes to consider himself retire at 60 and receive a sum certain per annum, until the benefits set aside for him have been liquidated, or whether he wishes at age 65 to take that option or whether he wishes to take an option as between himself and his wife, et cetera.

The plan is in being and will generate benefits at the time the employee exercises the option to the extent that he and the company in the past have contributed to the specific Darlington Mills Pension Plan and to the extent that those funds have either increased in value or have generated income.

Q. There are no further contributions being made, are there? [3187] A. No, sir.

Q. Now, as to the plan, do each of the D-M Mills also have a retirement plan? A. Each of the mills that sells through Deering, Milliken have a retirement plan, which is voted by their stockholders and directors.

Q. In each case is J. P. Morgan the Trustee of the Plan? A. It is of the mill's plan.

Q. All right.

Now, the heading on this mentions "Pension Committee". Is there one central pension committee for all of the mills? A. There is a pension committee for the Deering, Milliken Mills' Retirement Plan.

Q. Now you mention that there are some——

Trial Examiner: Well what is the function of the Pension Committee?

The Witness: The function of the Pension Committee——

Trial Examiner: Well excuse me. First, when you say there is a pension committee for the Deering, Milliken Retirement Plan——

The Witness: The mill's retirement plan. There is an entirely separate plan for Deering, Milliken and Company, Inc., which is trusteed by the First National City Bank of New York.

Trial Examiner: Just a moment.

The Witness: Which has its own pension committee.

[3188] Trial Examiner: What is the function of the pension committee of the Deering, Milliken Mills' Retirement Plan?

The Witness: I believe that there are three things that it is asked to take official action on when it meets. One of them is the employment of an actuary. The second is to receive from each of the mills notification of the presons who have been terminated under the plan during the course of the year or who have qualified during the course of the year for inclusion in the plan for purposes—or for the purpose of making that action official as far as the bank trustee is concerned.

And the third is to make any decision that the bank may request it to make as regards investment policy or procedure.

And the only instance that has ever come up on that is when J. P. Morgan and Company recommended in the first instance that 20—that up to 25 percent of the funds be invested in common stocks, and subsequently I think it was last year they recommended to the pension committee that they approve raising that figure to 30 percent inasmuch as J. P. Morgan and Company acting for its own pension plan of the employees of J. P. Morgan and Company—had changed their retirement and raised it from 25 percent to 30 percent.

As far as I know those are the functions of the Pension Committee.

Q. (By Mr. Dyer) Now, I think in the previous case we had [3189] some testimony as to certain changes which were made in the retirement plan giving certain options to employees as to when to take their monies.

Can you tell us if the pension committee would be the one to pass on those resolutions to the various mills for their adoption or rejection? A. These resolutions making the changes were adopted by the directors and I believe the stockholders of each individual mill.

Q. The question was: did the pension committee make the recommendation on whether it should be adopted or rejected? A. I do not know, Mr. Dyer; the answer to that.

* * * *

Mr. Updike: I can state that our information is that Fleming Bomar wrote those changes, Mr. Bomar being a partner of Ivins, Phillips and Barker in Washington, D. C.

The Witness: I think that is correct.

* * *

Q. (By Mr. Dyer) As to the plans themselves as at the various mills, were there any differences in the elections [3190] which were offered to the various mills?, A. I do not believe so.

* * *

Q. In regard to the letter I just handed you, Darlington had arranged to pay Mr. Nicholson a certain fund after his resignation from Darlington; is that right; on a monthly basis. A. That is correct.

Mr. Updike: You don't mean a fund?

Q. (By Mr. Dyer) Was it a retirement? How was it to be considered? As a retirement or what? A. Mr. Nicholson asked for early retirement. And at that time the directors offered to make him payment of a supplementary nature to that which he would receive under the Darlington Mills' Retirement Plan.

* * *

Q. (By Mr. Dyer) Now when the question of Darlington's liquidation came up, that raised some question as to how the [3191] payment was to be made to him after liquidation of Darlington; is that correct? A. That is correct.

Q. Now, I direct your attention to I think the last sentence in the third paragraph there.

Can you tell us how Cot-Wool got into—got in to paying Nicholson this amount? A. Cot-Wool has not gotten into paying Nicholson any amount. It is my memory that this commitment to Mr. Nicholson was a sum certain to be paid each year; that the actuary was asked to take Mr. Nicholson's life expectancy in Darlington's funds trusteed by Grace Bank would set aside a certain amount of money

which should be enough to pay the amount if he lived out his normal life expectancy as figured by the actuary.

Mr. Nicholson came to me and he said it was a possibility which he hoped would materialize, that he would outlive the actuary's expectation, and that he understood that he had a commitment for life and what would happen in that circumstance.

I said I hoped too that it would work out that way. And I also felt that when the directors had asked me to communicate their decision to him that they were making too a commitment to him that would be for life. And I said that I would try to see what we could do about it.

And I thought about it. In thinking back and remembering—[3192] because I felt there was an obligation that we wanted to live up to—that inasmuch as Mr. Nicholson had been employed prior to his going to Darlington by a firm, the Excelsior Mills, which had a long—well, by Excelsior Mills, which was a hundred percent owned subsidiary of the Cot-Wool Manufacturing Company, that I would recommend to the Directors of Cot-Wool that they pass a resolution agreeing to pick up any payment that might be owing to Mr. Nicholson should the eventuality discussed materialize.

Q. Did the Directors at Cot-Wool agree to do so? A. They did, yes.

Trial Examiner: Let me state my impression so that if it is erroneous, it can be explained.

In connection with the Nicholson payments, was this a wholly voluntary and gratuitous assumption by Cot-Wool of an obligation which arose out of a commitment by Darlington?

The Witness: I think I told Mr. Nicholson, Mr. Examiner, that I did not feel that Darlington Manu-

facturing Company had a legal obligation to him over and beyond that which could be figured by an actuary in view of the fact that Darlington Manufacturing Company had been liquidated; but that because of the fact that I would think about it first, then I brought it back to him that I had thought about it; that it was true that he had been associated with the Excelsior Mills in Union; it was a fact that his father had founded the [3193] Monarch Mills which had sold through Deering, Milliken and Company; and in view of the long personal relationship that had existed between his father and my father, between him and my father, and between him and me, that I would propose to the Cot-Wool Manufacturing Company that in the event that these circumstances did transpire, that they would make a voluntary commitment to pay him a certain amount as long as he lived.

Trial Examiner: Well, I was thinking not of the relationship between yourself and Nicholson or Darlington and Nicholson, but rather concerning the assumption by Cot-Wool of an obligation which it didn't have.

The Witness: I don't consider that it was an obligation that they had or that anybody had. I think that this was a voluntary action that they voted to make in view of a long series of circumstances. Mostly personal.

Q. (By Mr. Dyer) Mr. Milliken, I think it has been stated that Mr. Oeland came with Darlington in 1951.

Can you tell us how he came to be offered this post as Treasurer, at Darlington? A. Yes, sir. When Mr. Nichol-

son asked the directors, or told the directors that he would like to ask for early retirement, they asked me if I would find a man who I felt could take Mr. Nicholson's position as Treasurer. I made investigations. And as a result of these investigations, I felt that because of his lifelong experience in the textile [3194] business, first with Clifton Manufacturing Company, and then with the Riegel Manufacturing Company, and then with the Monarch Mills, that he had the background and experience necessary to be the acting administrative operating head of the Darlington Manufacturing Company and made a recommendation to the Board of Directors that they employ him on that basis.

Q. I see.

Now in getting people to fill jobs such as that of treasurer at Darlington, do you attempt first to see if there is anybody in any of the other D-M Mills who can fill that position before going outside? A. Well first of all I think that this is the only experience that I have personally been connected with where when a position of treasurer came open the position was not filled by promotion from within the specific company where the opening occurred.

Q. Well how about as to the general manager's post?

Let me show you a news clipping of the Daily News Record, 11-8-56. A. Yes, sir.

Q. According to this clipping, James M. Bailey, who was a vice president at Judson Mills was named in addition as General Manager of Gerrish Milliken Mill. A. Yes, sir.

Q. And Garland G. Simmons in addition to his duty as [3195] Treasurer and Director of Drayton was named General Manager of Lawrence Mills? A. Yes, sir.

Q. Did such double posts some time happen? A. Mr. Allen Sibley was responsible for the management of all of those four mills. And each of these men were working for him, before and after.

Q. Allen Sibley is the Treasurer of what mill? A. Allen Sibley is the Treasurer of Lawrence. He was the treasurer of Drayton before Mr. Simmons became Treasurer. And he is vice president of Cot-Wool Manufacturing Company.

Q. All right. At the time of 11-8-56 when this notice was put in the paper—— A. He was treasurer of Drayton.

Q. Simmons was Treasurer of Drayton? A. No. Mr. Sibley was. And Garland Simmons was named general manager, I believe.

Excuse me. I am reading from the wrong place. Yes, he was.

Q. Simmons was treasurer of Drayton, and he was named as General Manager of Lawrence? A. That is correct.

Trial Examiner: Did you say that Mr. Allen Sibley—well, what is his connection with these four mills?

The Witness: He is Treasurer of—I think at that time [3196] he was treasurer of—of the Lawrence Mills. He was vice president of Drayton Mills. And he was vice president of Cot-Wool Manufacturing Company.

Trial Examnier: Do both Judson and Gerrish Milliken Mills—are both of those subsidiaries of Cot-Wool?

The Witness: The Judson Mills is a subsidiary of Cot-Wool.

Q. (By Mr. Dyer) How about Gerrish, Milliken Mills? A. Gerrish Mills is part of the Pacolet Manufacturing Co.

Q. It has no relation to Cot-Wool? A. No, sir.

Trial Examiner: Well is there any relationship to explain the appointment of Bailey who was vice president of Judson to be General Manager of Gerrish Milliken Mills?

Mr. Updike: That was of Lawrence, wasn't it?

The Witness: To answer your question: Mr. Allen Sibley was vice president of the Pacolet Manufacturing Company in charge of the Gerrish Milliken Plant.

Trial Examiner: We didn't have that. Sibley was also vice president of Pacolet.

The Witness: Pacolet Manufacturing Company, yes, in charge of the Gerrish Milliken Plant, which runs filament synthetic fabrics similar to the filament synthetic fabrics manufactured at Judson.

* * *

[3205] Q. (By Mr. Dyer) Mr. Milliken, in regard to Mr. Nicholson, [3206] Mr. Nicholson was first employed by Darlington in 1938, is that correct? A. That is what Mr. Oeland wrote to Minot Milliken, yes.

Q. From 1938 to 1941, while Mr. Nicholson was employed as treasurer of Darlington, he was also employed by Excelsior Mill; is that right? A. Mr. Oeland says so. That antedates any contact that I had with Mr. Nicholson. But I do know from the record that I have studied of the Excelsior Mills, that that mill went through bankruptcy

and was not in operation at all for some time during that period.

* * *

[3209] Trial Examiner: General Counsel's N-77 is received.

* * *

Q. All right.

There are various topics covered in those various two [3210] pages: sales for period, profits for period, with comments; estimates of sales and profits for next three periods: number of weeks production on order; inventory of cloth: planned operating schedule; and long or short position on raw materials. A. Yes, sir.

Q. Now in the period reports that you received from Darlington, were these reports always set up the same way? A. Generally, yes, sir.

Q. Now, in the period report you received from other mills, what differences did they make in the schematic plan of the report?

* * *

The Witness: Well the reports I got were always in the form of a letter like this.

Q. (By Mr. Dyer) Well, what I am referring to is: Was this form set up as something that the other mills followed too? A. Well I didn't consider this a form.

Q. Well there are various topics which are covered in it? A. Yes, sir.

Q. Were the same topics covered by all the other reports? A. They were to the extent that there was any comment to be [3211] made on these topics.

* * *

[3214] Trial Examiner: I don't know whether Mr. Dyer wants this information. But referring to the period reports from other mills, did they have the same topics? Look at the last page here, for example.

The Witness: Yes, they did.

Trial Examiner: Is that what you were getting at?

Mr. Dyer: Yes, sir. I thought that was the answer I was getting. Where they had no comments they made no comments with regard to those topics.

The Witness: That is correct.

Trial Examiner: I think the difference is: Your question was whether the same topics were covered in the reports. The witness is telling us that the same topics were listed.

Mr. Dyer: Yes, sir.

The Witness: That is right.

* * *

[3216] Q. (By Mr. Dyer) Mr. Milliken, did you check on Mr. Nicholson's employment back from 1938 to 1941? A. Yes, sir. I found Mr. Nicholson in Darlington. He advised the Excelsior Mills was set up as a hosiery operation by his father himself, his family; and that at the time the company became insolvent it had three operations; a full-fashioned hosiery operation which was being sold through a firm in New York called Sutton, Rommery and Nicholson. That it had a mercerized half-hose operation, the product of which was being sold through brokers and

agents; that it had a sheeting fabrics' operation which had been added in the 20s.

It was first a wide sheeting operation. And then they sold the machinery to the Spring Mills and—they sold the looms, and put in narrow looms and made sheetings. This product was sold in fact through Deering, Milliken and Company.

As best he can remember it, the dollar volume was about 50-50 as between the two hosiery operations and the sheeting operations. He advises he never went off the payroll of [3217] Excelsior Mills which was owned by his family from 1914, I think it was, when he started, until the time it was dissolved, and that he was being paid there while he was at Union Buffalo and when he went to Darlington.

At the time he went to Darlington in 1938 he remembers that his salary at Darlington was approximately $5500 a year and his salary from Excelsior $4500.

> Mr. Updike: What about the stock ownership?
>
> The Witness: He advised it was owned principally by his family and by a lot of other stockholders. He does not believe that any Milliken or any company in which a Milliken had a majority interest held more than a token amount of the stock of the Excelsior Mills.

Q. (By Mr. Dyer) Was that true through 1949? A. Yes, sir.

Q. Was the company thereafter reorganized? A. As I remember it roughly, when the company became insolvent, it owed Deering, Milliken and Company approximately 250,000 over and beyond its ability to pay.

Q. And did Deering, Milliken thereafter take that money out in stock? A. No, sir.

Q. Well how did Deering, Milliken come to—I think you stated previously that Excelsior was wholly owned by Cot-Wool at the present time, is that right? [3218] A. It is today, yes, sir.

Q. When did that situation become effective? A. That is a long involved story, and one did not go into the other in that form. If you want me to go into it I will be glad to.

Q. What I was trying to get at was: Was it subsequent to 1941? A. Was what subsequent to 1941?

Mr. Updike: When Excelsior went into Cot-Wool?

The Witness: Much subsequent to, yes, sir.

Mr. Dyer: All right.

The Witness: And after a number of intermediate reorganizations, yes, sir.

Mr. Dyer: All right.

Q. (By Mr. Dyer) Prior to Mr. Nicholson's coming to work at Darlington, he had not worked for any mill which was in the majority owned by a Deering, Milliken interest, is that right? A. That is correct.

* * *

[3219] Q. (By Mr. Dyer) I was asking you whether there was interchange of top supervisory personnel among the rest of the D. M. mills during 1955-1956?

Mr. Updike: Maybe the bothersome word is "interchange"?

Mr. Dyer: Well, did personnel from one mill of D. M. go to another mill during those periods; top supervisory personnel? That would mean general managers, treasurers, et cetera.

Mr. Updike: You mean management?

Mr. Dyer: Yes. General managers, et cetera. Persons who would have direct control over a mill?

Mr. Dyer: For instance, Mr. Asnip?

The Witness: Mr. Asnip did go from—he was employed at the Lawrence Mills and was offered the job of manager of MacCormack and Johnston Worsted Operations, and he accepted it, yes, sir.

Q. (By Mr. Dyer) He had been General Manager at Lawrence, is that right? A. Yes, sir.

Q. Were there others that similarly moved during the period——

[3220] Trial Examiner: Is MacCormack and Johnston Worsted one of the Cot-Wool organizations?

The Witness: They were wholly owned subsidiaries of the Cot-Wool Manufacturing Corporation, yes, sir.

I think that Mr. Fisher who was superintendent of the Gerrish Milliken mill was offered the job of manager of the Abbeville mills.

Q. (By Mr. Dyer) Did he accept? A. And he accepted, yes.

And there may have been others.

Q. All right.

Now, going back just a trifle further than that, during 1950-1951, et cetera, some mills were started. I believe the Hatch Mill was one. Gerrish Milliken was another. Was that started about that time? A. In the early—some time between seven and ten years ago, yes, sir; or five and ten years ago.

Q. When new mills were built which subsequently sold through Deering, Milliken, was top management—well I don't know what word to use—transferred or placed at these new mills?

Trial Examiner: Were they obtained?

Mr. Updike: Or gone to work for?

Q. (By Mr. Dyer) Where did these new mills obtain their top management?

[3221] I think there were approximately about five mills built during that period. Isn't that true? A. Yes, there were.

Well I will just have to take a few minutes and go back on each one of them if I can.

Q. Maybe this will help you. This is a news clipping from the Journal of Commerce.

(Document handed to the witness)

Mr. Updike: Do you remember the date of that?

The Witness: 1-31-49 it says.

Well, the first plant that it has reference to is the Clemson Plant of the Excelsior Mill Corporation, the unit completed in 1945 making precision rayon tire cord.

Mr. D. D. Quillian was hired to be the manager of that plant; and he came from the General Tire and Rubber Company.

Q. (By Mr. Dyer) All right. A. The next mill mentioned here is the Johnston Mill. And the fellow—and I forget his name today—who was made manager of that plant—he is no longer with us—was at that time employed by the Deering, Milliken Service Corporation in charge of some industrial engineering aspect. And so was the man

in charge of the MacCormack operation, the fellow named Fred Thompson.

There was then built the Gerrish Milliken Mill. And the directors of Pacolet Manufacturing Company asked Allen Sibley [3222] to have general responsibility for that. And he hired a man from the Amerotron Organization to be General Manager of the plant at that time if my memory is correct.

Mr. Updike: Amerotron is a—is an American Woolen Company?

The Witness: I am sorry. From Textron.

When the Hatch Mill was built——

Mr. Updike: Is it clear that Textron is in no way connected or associated with Deering, Milliken?

The Witness: That is right.

When the Hatch Mill was built, the manager—it was a wholly owned subsidiary of the Cot-Wool Manufacturing Company, as was the Excelsior Woolen Mill; and the manager in charge of Excelsior Woolen Mills had the responsibility, and he selected a man from the Woolen Operation at Union and put him in charge of the Hatch Mill Corporation.

Mr. Dyer: Does that complete your answer?

Mr. Updike: You have covered four.

The Witness: I think I have done more than that. MacCormack, Johnston, Clemson——

Mr. Updike: MacCormack and Johnston go together.

The Witness: No. They are two separate mills.

It is the tire cord plant; it is owned by the Excelsior Mills.

Mr. Updike: Clemson, that is, you mean?

The Witness: Yes, sir.

[3223] Excelsior Mills, when it started up after Mr. Nicholson left and as a woolen mill was operated by a man who came from Marth Mills, which is a mill owned by B. F. Goodrich and Company. I think that covers them, Mr. Dyer.

Mr. Dyer: All right.

Q. (By Mr. Dyer) Now subsequent to those various mills starting up that way, have there been changes of top personnel through them? I think we have indicated that Mr. Bailey made some changes. A. That is right.

Mr. Updike: Well now we have covered 1954-1955, and we have covered all the new mills in the 1949 through 1951 period. Haven't we covered the relevant area?

Mr. Dyer: That is what I am trying to get at. I think we have covered there some changes of personnel since the ones Mr. Milliken has just mentioned.

The Witness: Yes. For instance when Mr. Quillian left the Excelsior tire Cord operation and then went to Chicapee Manufacturing Company, a Mr. Ernest Defore, who had previously been working at the Calloway Mills came. A man was employed to head up the consolidated operations, the two operations of MacCormack and Johnston, a man named "Red" Hines—his initials are "E. E." I think—was hired from the Calloway Mills to head up that organization.

Trial Examiner: Is this Calloway in Deering, Milliken?

[3224] The Witness: No, sir. No connection.

* * *

[3228] Q. (By Mr. Janes) Mr. Milliken, is it your testimony that in 1955-1956 there were 27 plants and 17 corporations which we have referred to as the D. M. Mills? A. Yes, sir.

Q. Mr. Milliken, is it true that Deering, Milliken and Company, Inc. is the exclusive sales agent of the various D. M. Mills? A. In 1956, yes.

[3229] Q. And as such functioned as the sole marketing outlet for the D. M. Mills in 1956? A. Either Deering, Milliken or Milliken Woolens and I think Milliken Woolens was in existence for part of that time.

Mr. Updike: Mr. Minot Milliken testified to that.

Mr. Dyer: Milliken Woolens is a wholly owned subsidiary of Deering, Milliken and Company.

* * *

[3232] Q. (By Mr. Janes) Mr. Milliken, is it a true statement that through the industrial engineering facilities —I am on your page 238——

Mr. Schoemer: Thank you.

Q. (By Mr. Janes) —facilities of the Deering, Milliken Service Corporation, Deering, Milliken and Company, Inc. maintains a uniformity of work assignments? A. It is not.

Q. In the D. M. Mills? A. It is not.

* * *

[3234] Q. (By Mr. Janes) Did any of the companies or corporations with which you are connected have a labor union problem at Gaffney Manufacturing Company in 1947? A. Are we talking now about 1947?

Q. That was my question, yes.

* * *

[3236] The Witness: If 1947 is the date, at or about that time the employees of the Gaffney Manufacturing Company went out on strike.

Mr. Updike: Now is that an answer with respect to Gaffney Manufacturing Company or some of the other corporations with which this witness is connected?

The question is so compound it must be very difficult to understand the answer.

Trial Examiner: Did any of these other corporations——

The Witness: Have labor trouble at Gaffney? No, sir.

Q. (By Mr. Janes) At Gaffney Manufacturing Company, there was a strike, was there not? A. There was, sir.

Q. Do you remember how long that strike lasted? A. No, I do not know when the Union called it off.

Q. Do you recall—strike that.

Was the plant closed, and was the corporation liquidated? A. The plant, Mr. Janes, I think, was closed because of unwillingness on the part of workers to work for a period of approximately six to nine months.

Q. I don't quite understand the answer. Was that a request that was made by the company to the workers? A. No, sir.

The workers were on strike and refused to work.

[3237] Q. And thereafter the plant was closed; is that right? A. Right. And in answer to the second part of your question, approximately 40 to 45 percent of the equipment of the Gaffney Manufacturing Company was sold.

Q. How soon after the termination of the strike was the equipment sold?

Mr. Updike: If at all.

Trial Examiner: Was it after the termination?

Q. (By Mr. Janes) Was it after the termination that the equipment was sold? A. No, sir.

Q. Can you recall from the point of departure of the termination of the strike how many—or how long before the termination was the equipment sold? A. As I recall it, Mr. Janes—and I was only a director of the Gaffney Manufacturing Company—Mr. Siskind of the Crescent Corporation, a dealer in used machinery purchased for export approximately 35 or 40,000 spindles, and complementary cards and looms to go with it.

After the strike had been in operation for approximately six to nine months, when he employed personnel to go in and remove the equipment from the plant——

Trial Examiner: When you say "personnel" you mean the former mill personnel?

The Witness: People he picked up in Gaffney. I don't know whether they were former mill personnel or not, [3238] Mr. Examiner.

Trial Examiner: All right.

The Witness: When he and this group went in to start removing the machinery, it is my recollection that a number of people who had been former employees of the Gaffney Manufacturing Company said they wanted to go to work and work was offered to them, and they went to work. And I believe that the strike was officially called off perhaps one year or so following that event.

Q. (By Mr. Janes) About how many employees were employed at this mill, Mr. Milliken? A. At what time, Mr. Janes?

Q. Well, before the strike. A. I don't know.

Q. You have no recollection whether it was about a thousand or not? A. I would think it was about a thousand. But I don't know specifically.

Q. Do you recollect which Union was involved in this strike? A. No, sir, I do not.

Q. If I tell you that it was the Textile Workers Union of America, would that refresh your recollection? A. If you told me that that was the fact, I would accept it.

* * *

[3240] Q. Were there any contracts executed between the company and representatives of the employees? A. Following the start up of the mill?

Q. Yes. A. There was not.

Q. Mr. Milliken, in Dallas Manufacturing Company at Huntsville, Alabama, was that a plant of about 800 employees? A. I think that is approximately correct, yes.

Q. Was that a mill that might be designated as, we have, a D. M. Mill? A. It was a mill whose product was sold through Deering, Milliken and Company.

Mr. Updike: What was the date of that?

Mr. Janes: I will get the date in a moment. Mr. Updike.

Q. (By Mr. Janes) Do you remember whether there was a strike at Dallas Manufacturing Company in 1947? A. At or about that time at Dallas Manufacturing Company.

Q. Had there been a union contract prior to that time? A. There had.

Q. Was it a single contract or was a series of contracts over a period of time—— A. Mr. Janes, I wasn't the manager or responsible for the [3241] operations. And I am not sure whether—I believe there had been a number of contracts. Over a period of time.

Q. Was that mill ultimately closed? A. The Unions went out on strike, yes, sir.

Q. Did the Unions go out on strike in December 1947? A. I don't know what date they went out on strike.

Mr. Updike: He has already testified that about December 1947 the workmen went on strike.

Trial Examiner: About December, did he say?

Mr. Updike: Of 1947. That is what I got.

The Witness: I am accepting Mr. Janes' dates as he gives them to me as being at or approximately the dates of the events he is describing.

Q. (By Mr. Janes) Was the mill closed after December 1947? A. It did not operate after the people working in the mill went out on strike.

Q. Was the equipment of the mill sold? A. The equipment of the mill was sold.

Mr. Updike: When?

Q. (By Mr. Janes) When was that? A. I do not have the date in my mind, Mr. Janes.

Q. I have reference to the date of April 1949? Would that be about right? A. A year and a quarter after this period we are talking about, yes, sir. If that is the correct date.

[3242] Q. And was the strike in existence at the time of the closing of the mill? A. That is what closed the mill.

Q. Mr. Milliken, I refer you to Madison Woolen Company. Was that a mill that might be referred to as we have referred to in this proceeding as a D. M. Mill? A. To the extent that it sold its products through Deering, Milliken and Company, it was.

* * *

Q. (By Mr. Janes) Do you recall that a labor contract was signed with the Madison Woolen Company by the Textile Workers Union of America in August 1958? A. I was not in the Textile business at that time. So I will have to take your word for it.

Q. Do you recall that there were continuous contractual relations from 1938 to a period nine years thereafter? That would be——

Trial Examiner: 1947.

Mr. Janes: 1947, yes.

[3243] The Witness: I don't know whether they were continuous or interrupted, Mr. Janes.

Q. (By Mr. Janes) When did you become a participant in the affairs of Madison Woolen Company? A. I became a Director, I believe in 1940.

Q. Did you hold any other office in that corporation thereafter? A. I subsequently became Treasurer, I believe, Mr. Janes.

Q. When was that, Mr. Milliken? A. I don't know the date.

Trial Examiner: Well, with respect to—let's see if we can fix something there.

Mr. Janes: I was going to do it this way, Mr. Trial Examiner.

Trial Examiner: All right.

Q. (By Mr. Janes) Was the mill closed at any time thereafter?

Mr. Updike: After 1940?

Mr. Janes: Yes. That is the last date we have.

Mr. Updike: It seems, sir, I must renew my objection.

Trial Examiner: "After" may have been last year, Mr. Updike. Let's see when it was.

Mr. Janes: Was the mill closed in September, 1947?

The Witness: That is the time when the mill ceased operations, I will accept your word for that as being the [3244] date.

Q. (By Mr. Janes) When had you become Treasurer of this mill, Mr. Milliken? A. I can't remember, Mr. Janes.

Q. Well, from the point of the closing of the mill could you fix a number of years? A. No, sir. I have no recollection now as to dates.

Q. Were you treasurer at the time of the closing of the mill? A. I believe that I was a treasurer of the mill. Certainly I was an officer at the time the mill ceased operations due to a strike.

Q. And had the equipment been sold? A. Had it been sold?

Q. Prior to—strike that.

Q. Was the equipment of this mill also sold? A. After the mill ceased operations the equipment was subsequently sold.

Q. Do you know how long the strike took place? A. No, sir.

Q. Could you hazard any approximate opinion? A. Well there were a number—the reason I am having difficulty with this is that there were a number of strikes that took place at Madison.

Q. Long before the closing? [3245] A. No, sir.

Trial Examiner: Well, this isn't quite clear: Did the mill cease operation and then resume operations when the strikes were terminated.

The Witness: Mr. Buchanan, as best I remember it—and my memory is subject to all kinds of corrections on investigating the facts—I had no idea we were going to discuss this—shortly after I went into the textile business——

Trial Examiner: That was about when?

The Witness: 1939. The fall.

—there was a time—there was a strike at the plant of the Madison Woolen Company in Madison, Maine; the duration of it I do not remember. Say, two or three months.

Following that, the plant started operations. Then it an attempt to make the costs of this mill competitive, as I testified the other day, the directors authorized the purchase of new looms. When these new looms arrived and the employees were askd to operate four looms per weaver, which was the work assignment in all of the mills of competition in the State of Maine, they refused to do so. And they walked out.

The mill never reopened after that, and the machinery was subsequently sold at auction.

Q. Is it true that the Union involved at Madison Woolen Company was also the Textile Workers Union of America? A. I do not know.

[3246] Q. If I were to state that to you, would you accept my statement for your testimony? A. Mr. Janes, I will be glad to.

The reason I am not answering that is that I know there have been or are, or whatever, two unions in this field. And I do not know which is which.

Q. Yes. But the other Union did not come into existence until 1951. A. I didn't know that.

* * *

Q. (By Mr. Janes) Do you know about how many employees there were at the Madison Woolen Company while they were in operation? A. I believe it was about 500.

* * *

[3247] Q. (By Mr. Janes) Did the Lockwood Dutchess Inc. sell through Deering, Milliken and Company, Inc.? A. It did.

Q. Do you recall, Mr. Milliken, whether there was a strike in September 1955 at Lockwood Dutchess Plant? A. Assuming again——

Q. At Waterville, Maine? A. Assuming again that that is correct, that that is the correct date, there was a strike.

Q. And was the plant closed after the start of the strike? A. It was closed by the strike.

Q. And was the equipment sold? A. The equipment was sold.

Q. Was the corporation liquidated? A. I believe it was.

* * *

[3248] Q. (By Mr. Janes) Mr. Milliken, do you recall the strike at the Lockwood Dutchess Plant at Wappinger Falls, New York?

Mr. Schoemer: Excuse me, Mr. Janes, I have been following along in Mr. Zinny's offer of proof while you were asking these questions. I note at page 241 speaking of Lockwood Dutchess he said "The union involved was the United Textile Workers of America."

Is that the other union?

Mr. Janes: That is conceded that that is the other union.

* * *

[3249] Q. (By Mr. Janes) Mr. Milliken, do you remember the organization campaign by the Textile Workers Union of America at the Lockwood Dutchess Plant at Wapping Falls? A. Do I remember that there was one?

Q. Yes. A. Was this the Textile Workers Union or the UTW that Mr. Schoemer referred to?

Q. This was the Textile Workers Union of America? A. As I remember it, there were several campaigns at Dutchess Bleachery Plant of the Lockwood Manufacturing Company.

Q. At Wappinger Falls? A. At Wappinger Falls, yes.

Q. Let me ask you this: Do you recall a petition being filed with the National Labor Relations Board for representation election filed by the Union which I tell you is the

Textile Workers Union of America? A. I believe I was told of that, yes.

Q. Was that approximately about June 1, 1955? A. I do not know, Mr. Janes.

[3250] Trial Examiner: Did you say a petition was filed with the Board?

Mr. Janes: A petition was filed according to my information on June 1, 1955.

Trial Examiner: Thank you.

Q. (By Mr. Janes) Did the stockholders of this company vote to liquidate this corporation and close the mill? A. Mr. Janes, the Dutchess Bleachery was a division of the Lockwood Manufacturing Company.

Q. Could you answer my question about the closing of the plant and the dissolution of the corporation?

The Witness: May I have the question read?

(The pending question read by the reporter.)

Mr. Updike: Well I think the answer is responsive. Apparently this particular plant and the one in Waterville, Maine, were unified as part of a total corporate picture. And he has already testified to the liquidation in Waterville, Maine.

The Witness: I believe what happened here, Mr. examiner, was that the Dutchess Bleachery finished all of the sheeting made by the Lockwood Division of the Lockwood Dutchess Corporation.

In addition, it had other customers——

Trial Examiner: When you say "the Lockwood Division" you mean the one in Waterville, Maine?

[3251] The Witness: Yes.

In addition, it had a lot of independent converter customers for whom it finished. Such as DuPont and others.

Mr. Updike: May I interrupt a moment?

Both Mr. Buchanan and Mr. Schoemer think you are talking about Waterville. And I think you are speaking about Wappinger Falls.

Trial Examiner: No. He is speaking about Wappinger Falls. The sheeting was made by Lockwood in Waterville.

Mr. Updike: Correct. And the bleaching was done at Wappinger Falls.

The Witness: After the plant at Waterville was closed by the strike, an attempt was made by the management of the Lockwood Dutchess Company to operate the Bleachery on the business it could solicit from others other than Lockwood and make an economic go of its operation.

They found that it was not possible to operate after the loss of such an important source of business; and the Directors subsequently voted to cease operation and liquidate the operation.

* * *

[3254] Q. Mr. Milliken, on October 12, 1955, did you present an address to the—well, before the State Fiscal Survey Commission in Columbia, South Carolina? A. I made an address before the State Fiscal Commission on a date. And if you tell me that that is the date from reading it, I will accept that as the date.

* * *

Q. (By Mr. Janes) Do you recall making the following statement in that address: And I believe you were referring to the subject of team work pays dividends. "The South Carolina Textile Worker has recognized this and that his mill can not stay in business and furnish full employment unless he offers a full day's work for a full day's pay."

Do you recall that? A. Yes, sir.

Mr. Updike: I will concede that that is a correct quotation from an address made by Mr. Milliken on that date.

Q. (By Mr. Janes) Did you also at that time state: "This same intelligent attitude can not be said to be held by the New England workers who have been influenced and badgered [3255] by CIO propaganda to resist all managment changes and to throw road blocks in the way of making improvements that will lower costs."

Mr. Updike: I will concede that that is also a correct quotation, about 200 words and 35 lines away from the last preceding quotation.

Mr. Janes: Will the same concession be made as to the following statement:

"That these facts are true"—and it refers to the subject of cooperation builds confidence—"I note—"—

Mr. Updike: This being a different subject from the preceding one?

Mr. Janes: That is right.

"That these facts are true I know from bitter experience; for three weeks ago I went to Waterville, Maine, and was present at the auction of all the textile equipment which included 50,000 spindles in the Lockwood Mill which has been affiliated with Deering, Milliken for many years."

Will the same concession be made?

Mr. Updike: That is a correct quotation, again some distance away from the last preceding one.

* * *

[3256] Q. (By Mr. Janes) Mr. Milliken I ask you whether in this address you stated "The results of this difference in attitude are manifold. First of all, while South Carolina mill owners have poured money into new machinery and owners of New England mills have hesitated to put money into new machinery when they can not get the full benefit from such investments, and because their unit costs are thus higher, they do not find it possible nor profitable to run their mills six days during the week.

"And thus they deprive the workers of an opportunity to earn the six-day pay at time and a half."

Mr. Janes: Will it be conceded that that is stated?

Mr. Updike: I am trying to find where you are, sir. Are you still under the same caption?

Mr. Janes: No pagination. It is under "A Co-operation Builds Confidence."

[3257] Mr. Dyer: That is the section that precedes the preceding quotation; is that right?

Mr. Janes: Yes.

Mr. Updike: Yes I have found it.

* * *

[3262] Q. (By Mr. Janes) Mr. Milliken, were you an officer in the Woolen Mill at Madison, Maine? A. I was.

Q. What office did you hold? A. Treasurer. I believe. I would have to check that. I think that is correct.

* * *

Q. (By Mr. Janes) Mr. Milliken, did you state in your address "In addition to the liquidation at Lockwood, we had [3263] a similar experience in a woolen mill at Madison, Maine? A. I did.

Q. "There we had purchased one quarter of a million dollars worth of new looms but were told by the Union when they arrived that the weavers would not handle any more of the new looms than they had of the old, regardless of the fact that the amount of work was more than halved. The result is that today our woolen operation in South Carolina was more than double what it was. And the Madison Mill is empty of textile machinery. Today 100 of our former employees are employed there making wooden novelties at an average wage of $1.10 an hour when we were there. The landscape of New England is dotted with empty textile mills which can not find manufacturing tenants."

That was part of your address, was it not? A. It was.

Q. Turning to the next page, Mr. Milliken, under "The right mental attitude", will you state whether this also was part of the address?

I am going to read it.

"The importance of the worker's attitude can not be too heavily underscored in our thinking. It was absent in a mill that we operated in Huntsville, Alabama, with the result that we were unwilling to invest in new machinery, and the mill was liquidated in 1947.

"That we were not alone in our thinking is proven by [3264] the fact that the Lincoln Mills, also in Huntsville, has just this month decided to cease operations."

Did you make this statement at that time? A. I did.

Trial Examiner: The Lincoln Mills, I take it, is not one which sells through Deering, Milliken?

Mr. Dyer: That is right.

* * *

Q. (By Mr. Janes) Mr. Milliken, are there any D. M. Mills [3265] that have contractual relations with a union?

Mr. Updike: You mean were there in 1955-1956?

Mr. Janes: Were there during the period 1955-1956?

The Witness: Yes there were, Mr. Janes.

Q. (By Mr. Janes) In what plants? A. Lockwood mills.

Q. That was in the early period of 1955? A. That was in 1955 to whatever time——

Q. Was that the main plant? A. Yes, sir.

Q. And that we have already considered as the plant that was liquidated in September 1955 following the strike? A. That is the same corporation. Same plant.

Q. And thereafter did the Lockwood Mills have any union in its mill?

Trial Examiner: It wasn't a mill.

The Witness: It was liquidated.

Q. (By Mr. Janes) In the year 1956 were there any D. M. Mills? A. By D. M. Mills you refer again to——

Q. The same, yes. A. Mills that sell through Deering, Milliken and Company?

Q. Yes. A. There were not.

* * *

[3266] Q. (By Mr. Janes) Was there any bargaining with any group in any of the D. M. Mills in 1956, Union or otherwise?

Mr. Updike: With respect to employees, I hope you mean?

Mr. Janes: With respect to employees, yes.

The Witness: I personally had nothing to do with any labor relations at any mills; so I do not know of any myself and none that I can think of of what you are describing was brought to my attention by anybody.

* * *

[3271] Q. (By Mr. Updike) I draw attention to the provisions of Article 4 of the by-laws under the caption "Duties of Officers".

With respect to the President it says, Section 1 "The President shall have general supervision over the affairs of the company. He shall preside at all director's meetings. He shall report in writing to the directors from time to time or as may be required by them. In the event of his absence or disability, the vice president shall act in his place."

Now, Mr. Milliken, was there a vice president at Darlington during those years? A. I don't believe so, Mr. Updike.

Q. According to the record in Exhibit General Counsel's B-10, Darlington had three officers, a President, a Treasurer, and an Assistant Treasurer. Is that in accord with your recollection, sir? A. Yes, sir.

Q. I now return to the by-laws.

"The treasurer. Section 2: The Treasurer shall have charge of the books and of all financial and general business of the company under the supervision of the Directors. And he shall appoint such agents, superintendents, and others as may be needed and assign their respective duties and fix their compensations, each of whom shall be removable at his pleasure."

"He shall receive and pay out money and, together with [3272] the President, make and negotiate such promissory notes and bills of exchange as the operation of the company may require. He shall at the annual stockholder's meetings and whenever required by the Directors, submit full or partial statements of the affairs of the company.

"The treasurer and Assistant Treasurer shall give bonds in amounts determined and with security satisfactory to the Directors. Stock certificates under the seal of the company shall be signed by the President and Treasurer or by the Treasurer and Assistant Treasurer. The treasurer shall affix the seal of the company to all other documents requiring it, and keep a record of all stock issued and transferred."

Q. Now, Mr. Minot Milliken has testified earlier in these proceedings that with respect to the office of the Treasurer of a mill corporation in the textile business the Treasurer is comparable to the President of other corporations. And that the President of such a Textile Mill Corporation is comparable to the Chairman of the Board.

Were you present when he testified to that effect? A. I believe so.

Q. Now, I show you what purports to be the employee handbook at Darlington, and I ask you if you can identify it, sir? A. Mr. Updike, I saw this for the first time when it was brought to the hearing the other day.

[3273] Q. By Mr. Oeland? A. By whoever brought it. And I understand from him that this is the handbook of the Darlington Manufacturing Company.

Mr. Updike: Subject to connection through the testimony of Mr. Oeland I offer it as Respondent's Exhibit N-1.

* * *

[3275] (The document above-referred to was marked Respondent's Exhibit N-1 for identification and received in evidence.)

Mr. Updike: Specifically, Mr. Buchanan, I first draw to your attention, sir, the page captioned "Our Organization."

Trial Examiner: Are they numbered?

Mr. Updike: Yes, sir. This page is in color, or part color. And it does not bear a number. But the page before it is seven and the page following it is nine. So [3276] we will call this one eight, sir.

Trial Examiner: All right.

Mr. Updike: I draw specific attention to the chart showing at the top of the organization; as the head of it, so to speak, the Treasurer. Then under him the various people connected with the mill.

Q. (By Mr. Updike) Now, Mr. Milliken, as you heard, this particular handbook bears a date in 1948.

With reference to this organization chart can you state whether in 1955 and 1956 there were some differences as between that organization chart and the organization as it existed in those years? A. I believe——

Q. I didn't ask you what the changes were. I asked you were there some changes? A. There were, Mr. Updike.

Q. Was there any change with respect to the position of the Treasurer at the top of the organization? A. There was not.

Q. The specific changes we can get from Mr. Oeland's testimony.

Q. I also notice that immediately preceding—or immediately succeeding the index in the beginning a letter from W. S. Nicholson, Treasurer.

I ask you if that is the Mr. Nicholson who was the subject of your testimony earlier this afternoon? [3277] A. That is correct, it was.

Mr. Updike: Because this booklet is addressed to the rank and file, sir, I would like to read from this letter from Mr. Nicholson as it appears here.

"Dear Friend: Welcome to Darlington Manufacturing Company. Our best wishes for your success and happiness. We hope you will be with us for many years.

"This handbook 'Darlington Defined' will tell you many things about your company and mine. Read it carefully. Keep it. As it is a sort of history and a guide and will be useful to you. We can't put everything in a booklet like this; so don't hesitate to ask questions of your overseer and second hands. Let's work together. Let's make the best cloth at the lowest possible cost. Then we can stay in business and provide good jobs for another sixty-five years. Sincerely yours."

Mr. Janes: Does it say another 65 years?

Mr. Updike: Is that what I said? For another 65 years, yes.

Q. (By Mr. Updike) Mr. Milliken, you have been President of Darlington since about when? A. I believe since about 1945, sir.

Q. During that period time and from then on down to the time of the liquidation and immediately following it, in 1956 and 1957, did the stockholders hold regular meetings? [3278] A. They held a meeting every year.

Q. And where were those meetings held? A. They were held in the office of the Darlington Manufacturing Company at Darlington, South Carolina.

Q. Were minutes kept of those meetings? A. They were.

Q. During the course of those meetings, generally speaking what topics were covered? A. After it had been established that there was a quorum present, the first order of business was generally the reading of the minutes of the previous stockholders' meeting, which were then either approved, amended or disapproved.

There was then, as I remember it, a report from the Treasurer to the stockholders made by the Treasurer on the operations of the mill, commenting on the operations of the mill for the preceding year. Generally questions were asked of the Treasurer at this time, and answers were given until the questioner was satisfied.

At these stockholder's meetings, the stockholders employed the auditors, the independent auditors, who would audit—or who would be asked to audit the books of the company for the ensuing year. At these meetings, the question of whether the stockholders wished to renew the agreement with Deering, Milliken and Company to act as selling agent and factor for the company would be brought up and voted upon.

[3279] The Treasurer made a recommendation generally—reported to the stockholders on the amount of capital additions that had been made to the plant account of the company during the past year and I believe generally requested approval from the stockholders of amounts that had been approved by the Directors that he and the officers had recommended and been spent in the ensuing year and

which either had at the meeting held just prior to the stockholders' meeting been approved.

Also at that time the question of membership in the Institute of Textile Technology, when it came up for renewal on a 3-year basis, was brought to the attention before the stockholders, and they were asked to vote on whether they wished to become members, renew their membership, or not.

Q. That didn't occur each year? A. That occurred every third year.

Q. That occurred every third year since the first time? A. That is right.

The amounts that the officers and directors proposed be paid to the Deering, Milliken Service Corporation for their services for the ensuing year were brought up and approved.

Contributions to first the Deering, Milliken Research Trust and then to the Deering, Milliken Research Corporations for its activities came annually before the stockholders for them to vote upon.

[3280] Contributions to the Deering, Milliken Foundation for the stockholders on recommendation of the Board of Directors——

> Trial Examiner: Were they voted on?
> The Witness: And voted upon, yes.

I believe the question of whether the Darlington Manufacturing Company should belong to the National Cotton Council came before the stockholders. Or it may have been that this was something that was handled by the directors.

The stockholders, of course, were told what every action had been taken by the directors as regards the dividend.

And there was quite an important thing: The stockholders elected annually the directors of the company.

Q. (By Mr. Updike) Is that in general the pattern of the annual meeting of the stockholders? A. It was.

Q. During this period from the time you became President down through 1957? A. Yes.

* * *

[3282] A. The first order of business [at the directors' meeting] was the election of officers which was generally the first order of business that took place at the meeting of directors following the stockholders' meeting.

You understand, Mr. Updike, that there was also a meeting of the directors of the outgoing board of directors always held prior to the stockholders' meeting.

Q. Yes, sir. A. And the rates of compensation for the officers set at that time?

May I read the next paragraph, because it was typical.

Q. Well either read it or summarize it. If it is shorter to read it, let's have it read. A. "The president discussed the recommendations of the treasurer for a capital expenditure of $186,507."

"For the year ending November 26, 1955. After thoroughly discussing the matter as well as contemplating additional expenditures not recommended at this time but proposed, the directors approved the outlined capital expenditures and a treasurer's fund of $25,000 for capital additions to be [3283] made at the discretion of the treasurer without approval of the directors for the present year and an additional hundred thousand dollars to be made at the discretion of the officers of the company without approval of the directors in the present year."

I asked to read that because that was typical of the action taken by the directors.

Mr. Updike: With respect to capital expenditures.

The Witness: With respect to capital expenditures and authorizations to the treasurer of a treasurer's fund that he could spend for capital additions as he saw fit in the amount of $25,000 and the authorization of the Treasurer and the President to spend some specific additional amount of money for items that they might decide during the course of the year were spendable in the best interests of the stockholders of the Darlington Manufacturing Company.

Q. (By Mr. Updike) Very good, sir. Will you continue with the rest? A. The rest of the item has to do with the declaration of two quarterly dividends, one payable in February; one payable in May.

And it was at some time during this period the dividend of Darlington Manufacturing Company was changed from a semi-annual dividend to a quarterly dividend in the interest of spreading out the regular dividend over four payments rather [3284] than two.

And the action on the dividend, the next dividend, was commonly taken at that time.

The vacation pay plan of the corporation, the authorization of it, which was required by the Darlington Manufacturing Company's vacation pay plan, was approved at this meeting, and other meetings like it held at the same time of the year.

Mr. Updike: May I interrupt, Mr. Examiner, to remind you that there has been testimony and some exhibits introduced with respect to this through the witness Kable.

The Witness: There was action taken changing the date of eligibility from March to the preceding December 31st for the vacation pay plan of Darlington Manufacturing Company for subsequent plan years.

That was a special action that was taken at that meeting.

There was special action—you are just asking about regular action; is that right, repetitive action?

Mr. Updike: Yes. Repetitive action.

The Witness: Those are the only items that I see that were repetitive in nature.

Q. (By Mr. Updike) And would you say, speaking generally, that that exhibit is a fair summary of the regular procedure of the Board of Darlington year in and year out in the period while you were its president? A. I would have to add to that, Mr. Updike, that at the [3285] meeting that did take place before the stockholder's meeting, there were other things that were discussed which should also be included if I am to answer your question correctly, such as the——

Q. (By Mr. Updike) Please do so. A. Those items were the items that were approved by the Directors that I mentioned were approved by the stockholders that had first been discussed by the directors and brought into the stockholder's meeting as a recommendation from the Directors to the stockholders. And I don't think it is necessary for me to repeat those.

Q. No.

So that I understand it: at the director's meeting which immediately preceded the stockholder's meeting, certain recommendations to the stockholders were adopted and

were thereafter presented to the stockholders, is that correct? A. That is correct.

Q. Very good, sir.

Now, during the preceding ten or twelve years, were directors and stockholders' meetings regularly held of the Darlington Manufacturing Company? A. A stockholder's meeting was held every year, and generally at least three directors meetings were also held.

Q. In the course of each year? A. In the course of each year.

[3286] Q. Who kept the minutes of these meetings? A. The Secretary of the Company.

> Trial Examiner: It wasn't the Secretary, was it?
>
> The Witness: Well Mr. Oeland in this was elected Secretary-Treasurer.
>
> It says here that Mr. Oeland acted as Secretary for the entire meeting.
>
> I believe he either was or acted as the Secretary.
>
> Mr. Oeland: I was both.
>
> The Witness: Well, the Secretary kept the minutes of both meetings, Mr. Updike.

Q. (By. Mr. Updike) There has been testimony here with respect to Mr. Kable giving assistance to Mr. Oeland with respect to the drafting of minutes and revising of minutes.

Q. Did Mr. Kable attend these meetings of the Directors or of the stockholders? A. I can never remember Mr. Kable having been in attendance at any stockholder's meeting or any director's meeting.

Q. Now, during the period that we are talking about, was Mr. Oeland in addition to being a director of Darlington and an officer of Darlington, was he either a director

or an officer of Deering, Milliken and Company, or any of the companies that have been referred to here as the mills selling through Deering, Milliken and Company? A. No, sir, he was not.

[3287] Q. Was he an officer or a director of either the Research Corporation or the Service Corporation? A. No, sir, he was not.

Q. During that period of time when you were the President, and specifically with reference to 1955 and 1956, did you hire or discharge any employee, whether rank and file or otherwise, at Darlington, sir? A. No, sir, I did not.

Q. By whom in the period 1955-1956 was such hirings and dischargings done? A. Mr. Oeland, who was Treasurer and Administrative head of the Darlington Manufacturing Company.

Q. During this period of time, did Darlington have its own records of account? A. It did.

Q. Were any duplicate records of account kept at any other place than at Darlington? A. No, sir.

Q. Did it have its own bank accounts? A. It had four of its own bank accounts. Two in Darlington, one in Atlanta, and one at the Irving Trust Company in New York.

Q. Do you know who were the signatories on those accounts? A. No, I do not.

Q. In any event, I take it from your answer that you were [3288] not called upon to sign any checks on those? A. During that period of time?

I never signed for a bank account of the Darlington Manufacturing Company until after it went into liquidation and two signatures of officers were needed, and Mr. Oeland and I were the only two officers. And my signature was then affixed to a check.

Q. Do you know whether Darlington had its own stockholders records? A. Darlington had its own stockholder records.

Q. Where were those records kept? A. Darlington had its own stockholders and stockholder records.

Q. Where were those records kept? A. In the office of the company at Darlington.

Q. Are you familiar with the procedure where, for example, a stock transfer was to be made; who took care of that and who advised with respect to it? A. It is my understanding that—well, Mr. Oeland handled the transaction. It is my understanding that he had to transfer authorization papers checked by Darlington's Counsel to determine whether they were in order or not.

Q. Now, do you know the name of that Counsel who was so employed? A. I think that the official name was Paulling and James.

[3289] Q. Do you know where they were located? A. I believe they were located in Darlington.

Trial Examiner: Do you know them?

The Witness: I believe I have shaken hands with Mr. Paulling.

Q. (By Mr. Updike) How long ago was that, if you can remember? A. I do not remember.

Mr. Dyer: Possibly at the liquidation sale?

The Witness: I don't know. I never had any legal dealings with him.

Q. (By Mr. Updike) Do you know to whom Darlington turned for advice with respect to its real estate problems in Darlington? A. I believe it was to this firm of lawyers that Mr. Oeland turned.

Q. Now, Mr. Milliken, in the time that you were President of Darlington, did you ever arrange for or put into effect any transfer of any employee either to Darlington from some other concern with which you had some connection or out of Darlington to such a concern? A. No, sir.

* * *

[3292] Q. (By Mr. Updike) Now, Mr. Milliken, in speaking generally I think you have testified that one of the policies with respect to the Treasurer and the President at Darlington was that matters involving capital expenditure were to be referred to you or discussed with you.

Now, I show you a memorandum which has been marked "General Counsel's Exhibit N-47" which refers to another different area of policy; this one with respect to payroll deductions. And I ask you, sir, how did that policy come about with respect first of all to Darlington and then with respect to any other companies as to which it was in effect? A. Well, Mr. Updike, when I first started visiting the mills we have been talking about with my father, I learned that from discussions that there were numerous deductions being permitted on the pay checks of individuals who were working in the mills.

I learned, for instance, that it was practiced in a number of the mills to permit deductions for purchase of merchandise in what was known as the company store; that there was permitted deductions for the purchase of coal, and other things like that.

From my reading, et cetera, I felt that—or I had [3293] a conviction that this was a bad thing, because I learned that some of the employees in these mills were receiving a pay check—well, it was cash at that time—a cash payment of maybe a dollar or a dollar and a half at the end of the week's work because of previous authorizations that they had made.

I argued at that time with my father, and later with others that this was a bad practice, and that in fact a proper procedure as I saw it would be to have a situation where no payroll deductions of any kind would be permitted by the directors except where they were made mandatory by the Federal Government or the State and Local Governments. And since—ever since that time I have used what persuasive powers I have to the end of trying to bring about a result of there being no deductions of any kind on the payroll of any company with which I was connected so that the employee might after he received his pay, have full and final determination of what he wished to do with it.

And it was in this connection that I opposed in this letter of September 23rd General Counsel's N-47, the pressures that were put upon mill treasurers in the fall of the year to permit community chest deductions.

Another reason for this was that in instances where mills have permitted that, the community chest has generally tried to see to it that overseers and people in authority [3294] were the team captains.

And I have a conviction that it is unfair for a person who is working for somebody else to be asked by the person for whom he is working to make a contribution in order that the person for whom he is working may make a good record for himself.

Q. Even though the cause may be a worthy one? A. Even though the cause is a worthy one. And I think the community chest is a most worthy cause.

Q. Mr. Milliken, have you, as yet, succeeded in persuading all of the treasurers of all of the mills that we have sometimes referred to here as the D. M. Mills in keeping away from payroll deductions? A. No, sir.

* * *

[3297] JAMES MOORE OELAND was called to the stand as a witness, and having been first duly sworn, was examined, and testified as follows:

Trial Witness: You full name?
The Witness: James Moore Oeland.
Trial Examiner: Where do you live?
The Witness: My home address is Darlington. My business address is Clinton, South Carolina.

Direct Examination

Q. (By Mr. Dyer) Mr. Oeland, before you went to Darlington your position was that of Comptroller at Monarch; is that correct? A. That is right.

Q. Can you tell us who got in touch with you in regard to the Darlington position as treasurer? A. One day I started out to lunch and Mr. Sibley, who was Manager of the Monarch Mills, called me and asked me if I would be back about two o'clock; that Mr. Milliken wanted to see me.

Q. Did Mr. Milliken discuss the position with you? A. Yes.

Q. What did he tell you about it? A. I first met with Mr. Sibley and Mr. Milliken, and they said that this position as treasurer of Darlington was open because of Mr. Nicholson having decided to retire.

They had discussed several of the treasurers as the logical men to fill the job. And he had suggested me. And they said that they would like for me to go to Darlington.

Q. And you accepted it, I take it? A. Yes.

Mr. Updike: Can we have the approximate time of this conversation?

Q. (By Mr. Dyer) Is this 1951? A. It was in July. I don't remember the the exact date. But it was about the middle of July, 1951.

Q. Now, moving a little bit in advance, can you—I don't believe this has been fully covered before.

Can you give us a run-down of the various staffs and departments you had at Darlington during 1955-1956? A. I had two superintendents, a production superintendent and a technical superintendent.

Under the Production Superintendent was the overseers and the group that actually worked in the production. Most of the people in the mill.

Under the Technical Superintendent was the Quality Control Laboratory, the Industrial Engineering Department. And part of the time the shop force was under him, and part [3299] of the—I changed it, I think, during those years.

It used to be under the production superintendent. I had changed it and put it under the technical superintendent, and I changed it back and put it under the production superintendent.

I also had an accountant who kept the books; I had Miss McFarland that was referred to that did a variety of jobs. That is, reporting to me. I am trying to get that straight.

Q. Yes. A. And the Payroll Department at that time actually was—it might be considered reporting to me. I had planned to bring on the man that was keeping the books and make him office manager, but I had taken an inexperienced man and taught him how to keep books, and he just hadn't gotten far enough along to qualify my putting all this group under him.

Q. Was that the outline of the plant? A. I don't think I have overlooked anything.

Q. All right.

Now, getting to Miss McFarland for a second, you stated I think that she had various duties? A. That is correct.

Q. I think she has been referred to in some of the exhibits as a personnel woman; is that right? A. I think she has been referred to as that, yes.

Q. Well, in the meetings of the Southern Personnel Managers, [3300] did she attend those meetings? A. I think on one occasion she went.

Q. Now, can you tell us what she had to do with personnel? A. I think most of this has been covered previously, but I can go over it.

Actually on personnel, she did nothing more than to keep the files on those that had applied for work and to follow up on them. In other words, anybody could apply at Darlington Manufacturing Company. I had put in the system of letting each person make out their own application form, thinking that it would give us information about how they could write and how intelligent they were, and so forth.

And that particular person would bring their form, filled out, or partly filled out, to Miss McFarland. She, in turn, would go over with them and ask them questions where they hadn't filled it in or maybe had misunderstood what information was requested.

And she would try to size them up and make, I think, some little notations all her own that nobody could read, or maybe she didn't even make them, on this application form as to their appearance and what she might know about the background of the family, or who was in the mill, and things like that.

[3301] Then when a particular supervisor or overseer wanted a person, they would go to Miss McFarland and she would suggest to them "Now, here are several that might fit your mill" and they would go over those.

Then if they wanted to see anyone or two, or maybe several, why, then at that time she would perhaps investigate with their previous employer something about the person, or maybe she would—in a town like that where she knew a lot of people she might not even go back to the employer. She might go to somebody in town.

It is entirely possible to ask some overseer that might know something about them. And then that person would be sent to the overseer, and the overseer then would decide whether they wanted to employ the person. Then after the overseer decided they wanted to employ this person, then they would go back to Miss Macfarlan and complete the usual routine, the physical checkup they had to have.

And she, of course, would check that, because she had been a trained nurse. She was in charge of the first aid room. She would check with the doctors if there were any deficiencies in eyesight or glasses or hernias or anything like that, as to how serious they were.

And then she would fill out with her the group insurance application if they wanted to take group insurance. They would fill out how many dependents they had for the tax [3302] angle, a form for that. In other words, all those routine things were taken care of. Then she would tell them to report to the particular overseer or department.

Q. Now, there has been reference to the Darlington employees handbooks. Would she give those out to the employees at the time of their being hired? A. This handbook, as has been said before, was printed. But to my knowledge the signing of that was not carried out at any time while I was there.

Trial Examiner: The what wasn't carried out?

The Witness: The signing.

There was a place for them to sign.

Mr. Updike: Just inside the rear cover.

Identifying it on the record, it is a reference to Respondent's Exhibit N-1.

The Witness: The supply, as far as I knew, had run out. There might have been some available around there, but they were not available enough to give to new employees, and it was never reprinted. Extra copies were not reprinted or made.

* * *

[3304] Q. (By Mr. Dyer) To go to the Industrial Engineering Department at Darlington for a minute: How large was that [3305] department at Darlington? A. In 1955 and 1956, if I remember correctly, I spoke to the technical superintendent who is in charge of it, and he had two men that did time study work and other work. I mean that would be just part of it. He had Mr. Barrett who was head of the Cost——

Trial Examiner: Well, I think unless you want to explore this further, there were two men under the Technical Superintendent.

Q. (By Mr. Dyer) In the Industrial Engineering Department; is that right?

Was the Cost Department considered as part of the Industrial Engineering Department? A. No. The technical superintendent.

Q. Well, was it considered as part of the Industrial Engineering Department? Or was it a separate department? A. No. It was a separate department.

Now, I think in addition, if you want it, that they had some girls that periodically checked information like loom stops, don't you see, in the weave room; ends down in the

spinning room, which was a part of industrial engineering; because, after you put in a job, why, of course, it was based on so many ends down and so many loom stops.

So, you had to consistently study those to see whether we were meeting our part of it, and so forth.

[3306] Q. Were they assigned to the Industrial Engineering Department? A. That is right.

Q. Now, were there plans in 1956 to enlarge the Industrial Engineering Department? A. We were planning to go into this—I think it has been referred to as "engineered cost", wasn't it.

Q. Yes. A. And we were planning to go into that. And in the survey, as I remember, it was necessary to hire some additional—one, I think, probably—time study man. We had to increase the Cost Department. And we had to increase the Accounting Department, because it was entirely in between accounting and costs, you see.

* * *

[3308] Q. All right. Now, it says "Our next DM personnel group meeting is [3309] scheduled at Pacolet Thursday, April 12, 1956 at 9:30 a.m."

Did you discuss attendance at this meeting with Miss Macfarlan? A. I don't remember that I did.

Q. Do you recall whether she went to the meeting? A. I don't think she did. I mean I had a time getting her to go to these meetings. She didn't like to go. And she didn't like the long drives. We were way off.

The only one I remember she attended was the one in Gainesville. But I could be wrong. I don't remember if she went to this meeting; because, as I said, she had so many other duties, and she just didn't like to go to the meetings.

Q. All right. A. I don't remember if she went.

Q. Do you recall receiving reports or minutes of the personnel meetings? A. Yes.

* * *

[3317] Q. (By Mr. Dyer) Mr. Oeland, to move to another topic: When the union organizational campaign started at Darlington during 1956, you kept Mr. Milliken advised as to the progress of the campaign through your newsletters, did you not?

Mr. Updike: I object to the form of the question as to whether he kept him advised.

If you ask him whether he wrote and sent the letters to Mr. Milliken, I will make no objection to that.

Trial Examiner: Well, did you include reference to the campaign in your newsletters to Mr. Milliken?

The Witness: Yes.

Q. (By Mr. Dyer) Now, as to the use of Mr. T. J. Glenn during the campaign, did anyone suggest to you that he might be helpful? A. No. I asked for him.

Q. Who did you ask for him from? [3318] A. I requested Mr. Sibley of Monarch Mills to see if he would let me borrow Mr. Glenn.

Q. Mr. Sibley agreed to it? A. Yes, he agreed to it.

Q. Did you inform Mr. Milliken that you were asking Mr. Sibley for the use of Mr. Glenn during the campaign? A. Since those newsletters covered such—I would think that somewhere in there I would have said something about it.

Mr. Updike: Do I understand that last answer to mean that he does not now recall what, if any-

thing, he said to Mr. Milliken other than as appears in the exhibits?

Trial Examiner: Well, this is a little difficult. Now I will tell you my interpretation of the answer.

My own notation on this was that he thinks he informed Mr. Milliken in the newsletter.

Now, is that accurate?

The Witness: That was an accurate statement.

* * *

Q. (By Mr. Dyer) Can you tell us who Mr. Sloan was? A. I think it has been brought out in this hearing that [3319] Mr. Sloan was an outside consultant on wage and hours matters.

Q. Did Mr. Sloan make a survey during the time of the Darlington campaign? A. I think in the record you will find that he was there some time in the summer. Perhaps July or August.

Q. What kind of survey, he did make a survey, did he make? A. He made one similar to the others he had made, except that on his coming there, I had sat down and gone over with him the fact that they were being organized and asked that he further make any observations that he could that might be helpful to me.

Q. You said similar to the other surveys he made. What would those consist of? A. They would consist of his coming there periodically and first going over all payrolls to see that information was kept in accordance with the wage and hour law. And then he would go out into the mill and talk to supervisors about the practices that were going in, or "Are any of your help coming in ahead of time" or "Are they going to work before time?". All practices that would be covered in the wage and hour.

Q. And you say these were periodical surveys that he made? A. Yes.

[3320] Q. Did you have a contract with him that called for periodic surveys or something like that? A. We had an understanding with him. Yes, I think it outlined—at least it outlined how often he would come.

I understood he was available if I wanted to call him about any matters that would come to my attention.

Q. Now, during the summer of 1956 do you recall that Laurens Mill started making a style which you had at Darlington, only Laurens was making it on a wide loom? A. Yes.

Q. And did a representative from Laurens come to Darlington to check on the weaving and the styling? A. I know we had some possibly telephone discussions, and possibly it was through Elliott Miller, about being willing for him to come.

I told him I would be glad for him to come. And the way I would handle that, and perhaps the way this was handled, was I would call in Mr. Goodwin and say they called about so and so from Laurens and wanted to come down to the mill and would you take care of him when he gets here.

* * *

[3322] Q. (By Mr. Dyer) Directing your attention to the second page of this letter, it says "Several of our supervisors and staff employees have visited other DM Mills. They have also visited several mills outside the DM group. I feel it is time for some of them to make up their minds, as I do [3323] not think it wise for them to dangle on with mills especially in the DM group if they are seriously considering going elsewhere." A. What is the question.

Q. Do you recall whether this occurred or not? A. That they made visits?

Q. Yes, sir. A. They must have.

Mr. Updike: I think your earlier question was: did he provide the time to them to go make these visits.

Q. (By Mr. Dyer) Were they given time off to go make these visits? A. Yes.

* * *

[3326] Trial Examiner: GC O-6 is received.

* * *

Q. (By Mr. Dyer) This report of operations, was this something that was in existence before you went to Darlington? [3327] A. Yes.

Q. This is a report for every four-week period; is that right? A. That is right.

Q. Now, the report covers a number of different things, and is the overall direction report under your supervision? A. That is right.

* * *

[3334] Q. All right.

Will you turn to the next page, which is numbered 189 at the bottom.

This has a heading "Expense Reductions Accomplished."

Now, what does that entail?

A. This, you will notice, was prepared by Mr. W. S. Hawkins, who was the technical superintendent.

And it would have to do with savings brought about by any change in labor complement or jobs that were eliminated.

Q. All right.

Then the following section is Expense Reduction Plans.

Would that indicate the plans for reducing personnel or including new machinery or equipment which would enable you to reduce personnel at the plant? A. I don't like the word "personnel". It is jobs.

[3335] Q. Well, jobs. Eliminate certain jobs? A. That is right.

Q. Now, the following heading is "Job Assignment Changes Accomplished"

What would the job assignment changes be? A. There again the job studied and the possibility of by putting in the new job the job could be put out. That was the thing that was accomplished during the period.

Q. (By Mr. Dyer) The next section is Job Assignment Changes Plan.

Is that supposed to be elimination of the jobs that are listed there? A. They were studying to eliminate them. These were all goals, you remember, that were planned.

Q. All right.

Can you tell us how those goals were set up? A. By job study. By time study.

Q. No. I mean the goals themselves? A. Set up by the technical department as to some of the things they are working on hoping to accomplish.

Trial Examiner: Whose technical department?

The Witness: Darlington's.

Q. (By Mr. Dyer) Was that in consultation with DMIED on occasion? A. If you compare jobs in a mill, you have to compare the contents of the job, which would vary from mill to mill or [3336] place to place. It is entirely possible that they checked their work at times with DMIED. But these jobs were planned by us and studied by us and put in by us.

Q. Is your testimony, then, that on occasions DMIED did consult in this matter of setting the goal? A. No. They would only check our work at times possibly.

Q. All right.

Will you turn to the following page.

This is numbered 190 at the bottom. You have a number of jobs. And you show present period, previous period, net gain, and goal for 1956.

Now, the goal for 1956 was one that was set up by your department—by the technical department of Darlington; is that right? A. Yes.

Q. Can you tell us whether goals—can you tell us whether at one of the treasurers meetings all of the mills had established goals for reduction of personnel for that year? A. Let's get back to jobs and leave out the personnel.

Q. Excuse me.

Can you tell us whether at one of the treasurers meetings a general—whether all the mills decided to try to reduce the number of jobs at their mills?

Mr. Updike: Well, I think on the record before you, sir, every mill was trying to reduce its jobs day in and day out.

[3337] That was not a problem as such for a treasurers' meeting.

Mr. Dyer: What I am talking about was: was there a decision at one of the treasurers' meetings to establish goals for each mill for each year?

The Witness: It would be impossible at a treasurers' meeting for anybody to establish the goals for the next year other than the mill itself.

Q. (By Mr. Dyer) What I am saying is: was such done at one of the treasurers' meetings?

Do you recall whether——

Trial Examiner: Was the impossible accomplished?

The Witness: As I understand the question, it is a question whether a discussion was had at the treasurers' meeting as to whether goals of the different mills could be accomplished?

Mr. Dyer: Would be established.

The Witness: Would be established?

And my reply is that there could not be a discussion there because there are so many elements that would enter into it.

Mr. Updike: Well, was there such a discussion?

The Witness: Not that I remember. They may refer to a chart. It is possible that we had a chart at the treasurers' meeting. But it had no relationship to the jobs we would have at Darlington as compared to any of the others.

* * *

[3338] Q. Now, your next topic is "New York Office. What generally is covered in that category? A. It was any items or relationships between ourselves and the office in New York that sold our goods that I might give that would be helpful for better cooperation.

* * *

Q. (By Mr. Dyer) Now, in this particular instance, you state "We had a call from Alan May yesterday in regard to some 40 inch 80x72 4.16 print cloths, which is a 80 square with fewer picks. The customer wanted to buy six hundred thousand yards for the first quarter and Monarch was unable to deliver any more goods.

"This morning I got in touch with Mr. Sibley and he agreed for us to take this business as well as any 80 square for first quarter, as he was pretty well sold up.

"We are doing this with the understanding that we will [3339] not compete in price with Monarch on this construction and will make this change for the first quarter looking into sales for the second quarter on a competitive basis with Monarch."

Do you recall whether—well, I think that answers itself.

Then you talk about what looms you are planning to put these styles on. And you say "This move will be helpful to us in relieving the weaver situation by putting 80 to 100 looms to the weaver on these styles. We then can eliminate some of our submarginal weavers who have been trained in recent months and improve the weaving operation we hope." What do you mean by eliminating some of the submarginal weaving? A. This would indicate that when a weaver operates additional looms, it would take less weavers to operate all the looms.

It is stated here that we are training some weavers and they were not well trained. And by increasing the looms, because of the picks in the goods which had a basis for the number of looms a weaver could take, why, then——

Q. Well, you would be able to lay off some of the poorer weavers; is that correct? A. Use them for spare hands. We wouldn't lay them off. We spent money training them. We would hold onto them.

Q. The next one is Plan for New Style and Fabric Develop- [3340] ment.

Apparently you had no comments on that at this time.

The next is 13, Personnel, Number of Trainees Hired.

Apparently there were no changes in your personnel during this period.

The next thing you note is machinery in the bottlenecks. What would be the ordinary thing you would bring out in this particular section? A. In any department we had an

area where the production from those particular machines, the product, could not get through fast enough, depending on what we were making and how much of the product we needed.

That would be a bottleneck, you understand. So, we couldn't keep other areas running at full time, which is a thing we try very hard to avoid and to correct, because we were anxious to keep high production.

Q. Then you have sections on new machinery being investigated and new machinery on order.

Apparently you had none during this time? A. That is right.

Q. On the last page the topic is Loom Stop Tests, Average Stops Per Loom Hour.

What were these tests? A. I referred earlier to the fact that we had under the technical superintendent and Industrial Engineering these girls that would make studies on loom stops. This was information [3341] that was gathered on these studies.

Q. And then number 16 is set up as "Trips." What trips would ordinarily be encompassed in that section? A. It would be trips especially to mills, the competition outside of the DM Mills, whatever we decided to call them.

* * *

[3342] Mr. Dyer: Mr. Examiner, I now offer a report of operations for the period ending January 22, 1956 as GC 0-7.

* * *

Q. (By Mr. Dyer) Mr. Oeland, did you follow the same format for all of these reports of operations that was shown in GC 0-6? [3343] A. Yes.

Q. All right.

Now, referring you to, I think, the ninth page, with the number 238 at the bottom, under the Section C "Job Assignment Changes Accomplished" you state—or rather it is stated:

"The 10x5 roving piece rate was installed.

"The three 12x6½ roving piece rates were installed.

"The warp doffer piece rate was adjusted."

When you say the rate was installed, what does that mean?

A. We had had some changes in our 10x5's. In other words, the 9x4½ roving frames had been changed to a 10x5, which automatically would change some of the items of the job.

Q. Was the job studied by the Industrial Engineering Department? A. By the Industrial Engineering and a new scientific rate put in, yes.

The 12x6½ was new to us at Darlington, and, therefore, it had been—or rather it had to be completely studied, and again an incentive rate was put in.

* * *

[3344] Q. Do you recall whether any assistance was requested from DMIED in trying to set up that rate? A. I do not recall.

Q. Now, turning to the following pages—or the following page rather: Under Present Permanent Jobs you say "482"; Permanent Jobs—previous period, "505½"; a net gain of 23½ jobs eliminated; is that right? A. That is right.

Q. In 1956 the goal was 406½? A. Yes.

Q. When you say—referring back again for just a second—when you say that the rate was installed, does that mean that the job was studied completely? A. Yes.

Q. And was written up as a standard job? [3345] A. In the usual way for a studied job, yes.

Q. All right.

Turning to the following page, 240, under "Key personnel who have quit" your comment is "I told you when you were here——"

And let me stop right there.

[Q.] How often did Mr. Milliken visit Darlington? Do you recall? A. I would say an average would be three times a year.

* * *

[3350] Trial Examiner: GC O-8 is received.

* * *

Q. (By Mr. Dyer) I direct your attention to the third page of this exhibit, Number 256 at the bottom.

* * *

[3351] You say "The maintenance man completed his picker cycle this period. As soon as he completes the cards, he will go to drawing and roving."

Then other things are mentioned as to what is being done on machinery maintenance.

Was this written up by one of the overseers? A. Goodwin, yes.

* * *

Q. Now, let me direct your attention to page 9, which is the next to the last page in this exhibit. It has number 261 at the bottom.

Under the Section Personnel, you state: "We are glad to report that Mr. Grainger from Johnston plant, who was their chief machinist, is going to work for us next Monday morning. Mr. Grainger has made two trips to our plant and Mr. Bill Goodwin seems very well satisfied with his

ability to handle our job here. I feel that we are very much indebted to Mr. Peden for his cooperation in releasing [3352] Mr. Grainger. I may have written you that this was handled through Charlie Johnson's office. We had requested him to look through his files for any second man in any of the shops whom management had recommended for promotion as master mechanic. I wrote you about losing the Gaffney second hand to New Holland. Mr. Grainger was the only other man in the file that had been recommended by his management for a promotion. I am sure it is gratifying to know that we have again made a promotion within the organizations, and I feel that it has been handled in the right way."

Trial Examiner: Who is Mr. Peden?

Q. (By Mr. Dyer) Who is Mr. Peden? A. He was manager at that time of the Johnston Plant.

Q. Johnston is one of the plants in the Excelsior group? A. I think that was testified to yesterday, yes, sir.

* * *

[3353] Q. (By Mr. Dyer) Now, referring first to GC N-77, Mr. Oeland, at the bottom of the first page under "Estimate of Sales and Profits for the Next Three Months" you state: "We are preparing this week a new projected profit. We are planning on reflecting in this extraordinary items of expenses like the Duo-Roth on 80 frames of warp spinning; Dixon front rolls on the same spinning; 39 inch aluminum warp beams; 15 inch cans change over on finisher drawing. We are certain that these extraordinary items are going to mean that we will show very little profits for the balance of the year."

Did you point the same ...ng out in the succeeding three exhibits that there would be very little profit because of the large amounts of expenses that were being incurred? A. I think if you will refer to these extraordinary expenses as listed they will add up to quite a total.

Q. Excuse me. A. They would add up to quite a total, yes.

Q. Which meant that Darlington was going to show very little, [3354] if any, profit for that year; is that right?

For instance, on the succeeding exhibit O-9 you show no profits planned; on 10 you show no profits planned; and on 11 you show no profits planned. A. That is right.

The word "planned" might be a misnomer.

* * *

[3363] Q. Do you recall that in 1956 the cotton fiber quality control and Research Department had expenditures ahead of its budget? A. May I see?

Q. Yes. A. I do recall now.

Q. Can you tell us how this deficit was wiped out? Do you recall? A. By making additional calls on the mills to see if they were using the service.

* * *

[3364] Q. (By Mr. Dyer) The deficit was prorated by use of the mills and the mills paid? A. Yes.

* * *

[3368] Trial Examiner: GC O-16 is received.

* * *

Q. (By Mr. Dyer) Now, this states: "We are enclosing our invoice of five hundred dollars to cover two maintenance boxes and equipment."

Were these the maintenance boxes and equipment that were suggested by DMRC that a maintenance man should have? A. The Research Department, yes.

Q. And you had bought these boxes and equipped them there at Darlington? A. That is right.

Q. This was after the liquidation decision and prior to the auction sale? A. Yes.

Q. You state "We are also enclosing a memorandum outlining the items in each box and cost to us. In discussing the matter with Hal Byrd I suggested to him that he set the price on the boxes.

[3369] "We had a telephone call today stating that he had set the price at $250.00 each. I would suggest that you have someone check over the equipment with the boxes to see that all was included.

"We trust that this price is agreeable with you, and if you find anything missing, kindly let us know."

Whose decision was it to sell these boxes to Monarch prior to the auction sale? A. It was my decision.

Q. And on what was it based? A. This maintenance program that has been referred to earlier by Mr. Milliken in his talk with Mr. Tom Watson was a program that had been gotten up by the Research Department and one that I considered outstanding and one that I felt like belonged to the stockholders of the Research Corporation; and by selling the boxes in the sale, it would have meant that some of these ideas, not only the box but some of the equipment in there that had been perfected by the Research Corporation, would have gone into the hands of competitors.

And, so, for that reason, I felt that it would be wise to sell them if possible to another stockholder mill of the Research Corporation.

Q. And the idea of setting a price by Mr. Hal Byrd, was that your idea? [3370] A. That was my idea.

I had been instructed in handling the sale to Monarch to do everything I could to make it at arm's-length. So, I didn't want to set up a price. I would rather Mr. Byrd would set a price as to what he felt this stuff could be purchased by Monarch for, in an effort to get—well, of course, I could not get outside information because I would have had to give this information to get a bid on it to somebody else.

Q. I see. A. But he was purchasing boxes. These boxes were made as I remember by some outfit down about Johnston, wholly out of the Deering, Milliken group. He just found somebody that could make these boxes as I referred to. Some of it could be purchased; anybody could purchase it. But there were a few things in there in the way of gauges and special things that had been perfected by Research.

Trial Examiner: That is the Deering, Milliken Research Corporation?

Mr. Dyer: Yes, sir.

Q. (By Mr. Dyer) Mr. Hal Byrd was also familiar with the cost of the tools that were in there too, I take it? A. He would have been, on all those except those that were perfected by Research. And he could have easily got the information from them as to what they charged us for it.

Q. Did Mr. Tom Baker go to work for Monarch after the [3371] liquidation? A. Yes.

Q. I believe that Monarch bought a viscometer and a sizometer. Was that at the auction sale? A. At the liquidation sale, as I remember, yes.

Q. And they had some question as to the diagrams for those instruments? A. For the installation of them, yes.

Q. And did you advise them that Tom Baker might be able to help them when he went there in setting up those instruments? A. I did.

* * *

[3372] Q. Do you know whether Mr. Baker went under the retirement plan at Monarch? A. I do not.

* * *

[3373] Q. And did you have any further correspondence, telephonic or otherwise, concerning Mr. Hammond? A. No.

* * *

Q. Did Darlington put either of those two individuals on the retirement plan? A. No.

Mr. Hammond, if you would like the information, left before November 30, as I remember it.

Q. All right. A. And he had gone to a mill outside the Deering, Milliken organization.

* * *

[3379] Q. (By Mr. Dyer) Would you do that, Mr. Oeland? A. I am going down to item 5. Darlington loaned Hartsville a roll weight measuring device and Hartsville loaned Darlington 7,000 bobbins.

I agree to the bobbins. I do not know anything about the loan of the roll weight measuring device.

We did go in with Hartsville and other mills on seeing if we could get the power rate reduced with the Carolina Power Company.

Q. When you say other mills—— A. I mean the other mills outside of the Deering, Milliken mills, the mills selling through Deering Mill.

Q. All right.

Trial Examiner: That is Hartsville and Darlington? And non-Deering, Milliken mills? Did you call them that?

The Witness: Yes, a number of them.

Q. (By Mr. Dyer) Do you recall whether the gentleman who is the treasurer of Hartsville initiated that idea? A. Yes.

Q. Mr. Pitts? A. Yes.

Q. He initiated the idea? A. That is right.

Q. All right. Go ahead. [3380] A. "Darlington requested information from Lockhart's plant regarding heavier drawing sliver."

Yes.

Trial Examiner: Is that number six?

The Witness: Part of six.

The Witness: "Monarch sought to buy warp yarn from Darlington." Yes.

"Referred to warp yarn that drayton had previously bought from Darlington". Yes.

"Darlington requested advice from Monarch about expensing new equipment for its audit purposes."

I know nothing about that.

Trial Examiner: Well, suppose you tell us just those you do know instead of reading the whole thing.

The Witness: "Darlington requested Monarch's program for learners" and so forth.

Trial Examiner: Is that number seven?

The Witness: No. That is still part of six.

Mr. Dyer: "Learners or rates paid to learner. Reports from them on the cost of the mill" et cetera.

Mr. Schoemer: I think we had better get that clear.

I am referring now to a letter from Mr. W. A. Goodwin of Darlington to Mr. McBee of Monarch saying "I understand that Monarch has a very good program on learners. I am interested particularly in spooler hands, spinners, and doffers. [3381] I would like to get from you, if possible, the program you have for how long they are on learner's rates, what progress a learner is required to make, and what methods you use for keeping track of the progress. Also do you keep an accurate record on all learners in the mill; how long they have worked; and how much it has cost the mill? I would appreciate any information you can send me, as I am anxious to get a good program in effect."

Mr. Dyer: The quotation that Mr. Schoemer has just recited was a letter from Mr. Goodwin.

The Witness: I am continuing under 6:

"Jonesville Products Company, Inc., a subsidiary of Monarch, contacted Darlington in respect to a possible order of six to eight hundred thousand yards of cloth for crib sheets."

There was an exchange between Darlington and Jonesville, but the order was never made.

Q. (By Mr. Dyer) Can you tell me this: Was the sheeting material that Jonesville requested one that you were not able to make at Darlington? A. We could have made it.

Q. What was the problem about making it? Was it the price, or what? A. I think price was one of them. And the fact that we were not taking any—or were not at that time making that particular [3382] style.

Q. All right. A. And then we had some other problems of balancing.

Q. Balancing the mill? A. That is right.

Mr. Schoemer: Mr. Dyer, I hand you herewith the correspondence referred to in that particular item.

Q. (By Mr. Dyer) Mr. Oeland, I show you this. Is this the letter you wrote to Mr. Hester at Jonesville in regard to the order? A. Yes.

Q. I note in the second paragraph you state: "We have avoided going into any colored yarns in our mill because of the fact that in slashing and weaving invariable some color gets off on other constructions." A. Yes.

Q. Was that one of the main difficulties with the order? A. That was one. Plus again the price comes into it.

Mr. Schoemer: And I think there may be a question as to the amount of yardage according to the statement that Mr. Oeland just read.

The Witness: A hundred thousand yards. Your statement is correct.

Trial Examiner: Whose statement?

The Witness: Mr. Dyer's statement.

[3383] Trial Examiner: About what?

The Witness: Six to eight hundred thousand yards.

Mr. Schoemer: A year?

The Witness: Yes.

Under 7: "Darlington requested a number of forms from Pacolet stating it wanted them for information purposes for Darlington's revision of its own form."

There is a letter in my hand addressed to Mr. R. B. R. Turnispeed, Pacolet Manufacturing Company, New Holland, Georgia, from Miss Kate Macfarlan.

It reads——

* * *

[3384] The Witness: "Mr. Stallworth asked me to write you to please send us copies of some of the forms you use at Pacolet, such as pay error slips, termination forms, and any that you think are particularly helpful that we might adopt. We are revising quite a few of our forms and would like your experience to guide us."

Another item under 7: My visiting Pacolet to discuss with Mr. Stone the placing of 28-inch loom beams on E Model looms.

I did go to Pacolet to discuss it with him. This was done at the suggestion of Mr. Roger Milliken, that is correct.

"Darlington, after first talking with Deering, Milliken Service Corporation, Placement Department, wrote to Pacolet in regard to obtaining a cooperative student who was then working at Pacolet and asked Pacolet about his work and his wages." Pacolet sent Darlington information in regard—excuse me—in answer to the cooperative student, he was not working at Pacolet; he had worked there and at that time was at Georgia Tech.

We did inquire as to what wage rate they paid him when he did spend three months at Pacolet.

This has been referred to in earlier testimony.

* * *

[3386] Q. (By Mr. Dyer) Now, the next item; do you recall whether Darlington asked Pacolet if it had a picker lap scale for sale?

Mr. Schoemer: Yes, it did. On March 26, 1956.

* * *

The Witness: Darlington did not buy report forms from Abbeville, but rather ordered them through Mr. Byrd, the purchasing agent.

[3387] Q. (By Mr. Dyer) Well, I was referring to the printing plant located at the Abbeville mills. A. Right.

Q. And the report forms that were bought through Mr. Byrd came from the Printing plant at the Abbeville Mills? A. Right.

But they were purchased by Mr. Byrd, not by Darlington.

* * *

Trial Examiner: They were billed by Abbeville to Darlington; is that right?

Mr. Dyer: Yes, sir.

* * *

[3397] Q. (By Mr. Dyer) Continuing over on GC 0-19, I see a space for "DM commission" which would be the commission rate as charged? A. Yes.

* * *

Q. The next item shows the net sales and the sales net returns.

Now, the amounts of the insurance charged—the charges for insurance were billed to you on the statement from DM; is that right? A. That is right.

We would get a statement from the Insurance Department. Instead of us sending a check to the Insurance Department, it would be charged against our Account. We had a statement of that $10.41, whatever it was, that they would send us attached to it, so that we could keep up with the insurance that way.

[3398] Q. Where Darlington had goods finished for sample purposes, would the bills come to you, and then Deering, Milliken would bill you for them on the statement? A. What is the question, please?

Q. Where Darlington had goods finished for sample purposes? A. If we had requested any of our goods finished for sample purposes, it was usually handled by Deering, Milliken, because they were in contact with these different bleacheries, don't you see; and the bleacheries would bill them and then they would charge us.

* * *

[3411] Mr. Updike: I wouldn't—could we save a lot of time, Mr. Dyer, if you would ask the witness whether he accrued the charges of the respective departments of the Service Corporation and of the Research Corporation? It is pretty apparent that he did, but it seems to me you could save time by just listing them.

Trial Examiner: Yes.

Q. (By Mr. Dyer) You have just heard what Mr. Updike said. [3412] Did the Darlington Manufacturing Company accrue amounts against the costs for all the Service Corporation and Research Corporation—for the waste of those on a quad-weekly basis? A. They did except for the Tax Department.

Q. That was with DMSC?

* * *

Mr. Dyer: That was Deering, Milliken and Company rather than with the Service Corporation.

The Witness: That is right.

* * *

[3416] Q. Mr. Oeland, do you recall the time Barnes Textile made a survey; they suggested putting Draper and Hunt spreaders on looms? A. Yes.

Q. At that time, Bill Goodwin, along with Mr. Lowry, I think, was there at the meeting; I don't recall if anybody from DMRC was there; and he mentioned that at that time DMIED had had experience at other DM Mills with the spreaders, and that they hadn't proved successful. A. Darlington had too.

Q. Had Darlington used those spreaders before, and had they [3417] not proved successful? A. They threw them off the looms when I was there in 1951.

* * *

Q. (By Mr. Dyer) As to those spreaders, you did not follow Barnes' recommendation on that and put them back on the looms, did you? A. No, sir.

Q. (By Mr. Dyer) Do you recall in May 1956 you wrote to Mr. Milliken and made mention of the fact that the Card Room had very little spare help and you would like to arrange to get in more, give the people vacations on their requests, and that you would [3418] like to have his approval before you moved in the matter? A. I don't know why I should have asked his approval.

* * *

I think, if you want an explanation, the reference is badly paragraphed. The reference I made to him was not the question of hiring additional spare help but the question of the shutting down one week for a vacation.

It is misleading like it is worded and paragraphed.

Q. Well, were you asking both questions or just about the vacations? A. I had no reason to ask him about the spare help. I mean there wouldn't have been any question in my mind about that.

[3419] Q. (By Mr. Dyer) Then you were asking him whether you should shut down for a week; is that right? A. Mr. Dyer, there was never any doubt in my mind when I ran Darlington that the decision was mine. The way I handled it usually was to make up my own mind; pass it on in some shape to Mr. Milliken; if he wanted to object and I wanted to argue with him, I would have argued with him. But that question I had not definitely decided at that point what I would do.

Q. Well, were you asking him his advice on it or what was the reason for it? A. I was just thinking out loud.

Q. I direct your attention to the last paragraph of GC N-71, Mr. Oeland. This is in regard to Mack Thornton being at Darlington. And I think the words you used were "Mack Thornton is here to appraise our supervisors and he feels that perhaps he can complete this work by Tuesday or Wednesday of next week."

You were there at the time? A. Yes.

Q. What did Mr. Thornton do? A. Mr. Thornton came in and he sat down with me and discussed the three that I had suggested before; that is, Mr. Goodwin, Mr. Hawkins, and Mr. Watford, who were directly under me. We sat down, and I had a form; he would ask me [3420] questions "What do you appraise this man on this, shall I say, efficiency, attitude, and different things?"

And I appraised those three. Then he went to those men and got appraisals for people under them. He went down to the overseers and got appraisals for the second

hands. Then he went to the second hands. Then after the second hands had been appraised with the overseers, it was brought to the superintendent. All the forms before they left, I sat down and went over them with him to see if my personal knowledge agreed with his appraisal.

Q. All right. And then that appraisal was taken back to DMIED; is that right? A. Yes, that is right.

Q. And it was DMIED's decision to offer sixteen of the supervisors at Darlington positions for three months? A. To keep them on the payroll for three months.

Q. Just keep them on the payroll?

What is the distinction you draw there? A. I think Mr. Lowry testified that they could use some of them, and that in different spots they could use them to advantage, but that they would be available if other DMIED mills during that period would like to have these men.

Q. In other words, DMIED was not going to work these men the full three months? A. Yes.

[3421] Q. They were? A. Yes, they were going to work them.

Mr. Dyer: I was confused on that.

Trial Examiner: I didn't understand that. You said DMIED could use them.

The Witness: That is true. But they would work them. They would give them jobs to do.

Mr. Dyer: I think we were confused by the words that they were just going to keep them on the payroll.

The Witness: Yes.

Q. (By Mr. Dyer) They were going to have them do some work while they were on the payroll? A. Yes.

And I think the testimony was also brought out that no one of the supervisors was ever put on this DMIED payroll for a designated time.

Q. I now show you GC N-72.

Trial Examiner: Well, now, this isn't at all clear. I thought you told us that it was decided to keep them on the DMIED payroll for three months.

The Witness: That is right. But no one of them was ever transferred to DMIED payroll.

Trial Examiner: This was a decision you mean which was not actually effectuated?

Mr. Dyer: What he means is that the men didn't take up [3422] DMIED on it. They got jobs elsewhere in the meantime.

Trial Examiner: I see.

The Witness: I might give you the background on that. I think I was the man who started it. I had the men clean up and get ready for the sale. It has been brought out that I was going to keep them on the payroll until November 30. I realized that these men would feel uneasy if they knew on November 30 they were going to be without a job, and I had a job for them to do which was very important. So I was interested in making some arrangements besides my interest in them personally; I was interested in making some arrangement where they would not just have this drop-off.

But before the time came, why, these men were all placed. There is a letter on Mr. James Anderson about February 1st, which was a warehouseman, and he never did go to DMIED: not at single one of them did.

Q. (By Mr. Dyer) Referring to the third paragraph on GC N-72, dated September 28, 1956, you state "I feel that it would be very helpful if I could have some word from you to what promise I can make to the supervisors should the stockholders approve the action of the Board of Directors. I feel that I could reasonably promise them that you would want to keep them here until November 30th on the payroll. I hesitated to make this promise in view of the fact that I had no word from you as to what you felt would be the right thing."

[3423] Did you ever receive any word from Mr. Milliken in regard to that? A. No.

Q. Did you take his silence as consent to your plan? A. I did.

Q. Did you then tell the supervisors you would keep them on until November 30? A. I did.

Q. All right.

Directing your attention to the fourth paragraph in regard to the bonus to be paid Mr. I. J. Glenn, did you ever receive any direct word from Mr. Milliken with regard to it before the Directors' meeting was held? A. I don't remember that I did.

Q. Well, was that true that at the Directors' meeting that this bonus was approved for Mr. Glenn?

Is that right? A. That is true.

(General Counsel's Exhibit No. O-20 was marked for identification.)

* * *

[3424] Trial Examiner: And you are referring now to what has been identified as GC O-20?

Mr. Updike: Yes, sir.

Q. (By Mr. Dyer) This is the copy that was taken from the files. You might be able to tell more about it.

Can you tell us in the penciled information on the first page who made that out? [3425] A. I would think that Mr. Watford did. It is his handwriting.

Q. That is Mr. Watford's handwriting? A. Yes.

Q. He was the accountant at Darlington? A. That is right.

* * *

[3426] Trial Examiner: Well, what we have to this point is that GC O-20 is a draft by Watford, and that it was not filed with [3427] the Federal Trade Commission; is that right?

Mr. Updike: Yes.

Mr. Dyer: It would appear from the copy Mr. Updike has here that there was a change in this item number four.

Mr. Updike: Well, I don't think you are answering Mr. Buchanan's question, if you don't mind my saying so.

Trial Examiner: Well, is it correct to say that the paper filed with the Federal Trade Commission was not in the form of GC O-20?

Mr. Updike: Right.

Mr. Dyer: In regard to that particular, yes, sir.

* * *

[3431] Q. (By Mr. Dyer) At the time that you were Comptroller at Monarch, were the Monarch accounts set up in a similar manner to the Darlington accounts you have been through here this afternoon? A. Mr. Dyer, it was so different. You see, Monarch had three plants. They

were all kept in one place. They had a Lockhart Plant and an Otteray Plant and a Monarch Plant. [3432] And you would have combined accounts.

Q. I see.

Well, for instance, did Monarch accrue amounts against what the Service Corporation would—— A. Ever since I have been in the business you accrued all expected expenses at the end of an accounting year. That is good bookkeeping.

Q. Well, would Monarch have more accounts than, for instance, what this shows?

I think we got up to about 1800. A. That is not 1800, Mr. Dyer. You would—in setting up your accounts——

Trial Examiner: Each hundred represented some different title; is that right?

Mr. Updike: That is right. It is a code, in fact.

Q. (By Mr. Dyer) Was a similar or the same code followed in Monarch? A. I set this up at Darlington. I probably had something to do with setting up the accounts at Monarch. But I would code them according to the situation, not according to the—I mean the numbers would not mean—if you mean that 1822 meant something in Darlington and the same thing in Monarch, I would say absolutely not.

Q. Not the same number meaning the same thing, but would the same series mean approximately the same thing?

[3433] In other words, would you have an 1800 meaning certain things at Darlington and at Monarch? A. No, I would say not.

* * *

[3437] Q. (By Mr. Janes) Mr. Oeland, what paid holidays were given [3438] to the employees of Darlington in 1955? A. July 4th, Thanksgiving Day, Christmas, and New Years, as I remember.

Q. Do you recall—well, you say four holidays? A. Four holidays, yes.

Q. Do you recall whether the same conditions obtained in any of the other DM Mills with respect to the number of paid holidays? A. No. I would doubt it, but I do not know.

Q. You have no knowledge as to Monarch, have you? A. No.

Mr. Schoemer: The information that I have, Mr. Janes, is that the statement Mr. Oeland just made would also apply to Monarch.

As to either Gaffney or Hartsville, it would not apply. In one instance those four days—and I am not sure which—those four days are not paid holidays.

Trial Examiner: Off the record.

(Discussion off the record.)

Trial Examiner: On the record.

Q. (By Mr. Janes) Mr. Oeland, in Darlington in 1955 were there any holidays observed in which the employees were paid when the plant was operating?

Trial Examiner: No. When the employees didn't——

Mr. Janes: When the employees were not working, yes.

The Witness: There were no holidays as such that were [3439] paid.

Q. (By Mr. Janes) And do you know of your own knowledge whether that same condition obtained in any of the other DM Mills? A. I do not.

Trial Examiner: Well, I think we should explain——

Mr. Janes: I don't know whether my inquiry to you embraced that.

Mr. Schoemer: I can't answer that. As to these three other mills that I have mentioned, namely, Monarch, Hartsville and Gaffney, the statement Mr. Oeland just made agrees with the practice in 1956 at those mills. I have no information as to their 1955 policy.

Trial Examiner: Well, shall we take that as a stipulation, then? That with respect to Monarch, Hartsville, and Gaffney, employees were not paid if they did not work on the holidays mentioned, or any other?

Mr. Schoemer: Yes, sir.

Q. (By Mr. Janes) And what were they paid if they did work Mr. Oeland? A. They were paid time and a half for the hours actually worked.

Mr. Janes: And Mr. Schoemer, that same condition obtained in the other plants that you mentioned?

Mr. Schoemer: That is correct.

[3440] Mr. Janes: Thank you. That is all.

Mr. Updike: They are not the same holidays.

Mr. Schoemer: No, they are the same holidays.

Trial Examiner: Off the record.

(Discussion off the record.)

Trial Examiner: On the record.

Mr. Schoemer: Mr. Janes, you also asked me yesterday to investigate the question as to whether any premium pay was paid on any shifts except the first shift. On investigation, I find that so far as Monarch and Hartsville were concerned, no shift differential was paid, but that at Gaffney an hourly differential was paid for work on the second and third shifts.

Mr. Janes: What do you mean by the hourly differential?

Mr. Schoemer: An hourly premium. I don't recall what it was.

Mr. Janes: You don't recall?

Mr. Schoemer: No.

Mr. Janes: Monarch and Hartsville and Darlington, no shift?

Mr. Schoemer: That is right. I believe that is right so far as Darlington was concerned.

The Witness: That is right.

Trial Examiner: Shall those statements be received as a fact on the record, gentlemen?

[3441] Mr. Janes: Well, I asked Mr. Schoemer to secure the information, and I am accepting it as such.

* * *

Q. (By Mr. Janes) Could you tell us whether in Darlington there was any seniority list established or formulated at [3442] any time while you were there? A. For payments.

Trial Examiner: No. Seniority for length of service.

Mr. Janes: Yes. According to length of service.

The Witness: No. We had it in our records. We tried to get an employment record when people were employed; but there was not established seniority rulings as such.

Q. (By Mr. Janes) You didn't utilize that list or the seniority for any consequences such as promotions, and so on? A. No.

Mr. Schoemer: Well, Mr. Oeland's answer to that, then, differs with the answers given to us by some of the other mills which said that seniority was a factor that they took into account in determining the order of lay-offs.

Q. (By Mr. Janes) Was that the situation in Darlington? A. We would take seniority in account along with several other things when it came to some questions like that.

Q. Is this similar to the point that you are making, Mr. Schoemer?

Mr. Schoemer: Yes.

Mr. Janes: That seniority and length of service was considered with other factors in connection with the layoffs?

Mr. Schoemer: That is correct.

And this embraces what plants are—well, it embraces Monarch, Hartsville and Gaffney.

* * *

[3443] Q. (By Mr. Janes) What were the shift hours in 1955-1956? A. The first shift worked from 8:00 a.m. to 4:00 p.m. The second shift worked from 4:00 p.m. to 12:00 midnight. And the third shift worked from 12:00 midnight to 8:00 a.m.

Q. Do you know whether the same shift also obtained in any of the other DM plants? A. I think Monarch had the same shift. And I think Hartsville had an hour earlier. In other words, they would start at 7:00 a.m. and go until 3:00 p.m., and so on.

* * *

[3444] Q. (By Mr. Dyer) Mr. Oeland, when Mr. Milliken was on the stand the other day, I believe I showed him a letter from the Institute of Textile Technology, dated June 15, 1956, and I asked him some questions about the contracts as being forwarded to Darlington.

I believe he said he didn't have any information on that. Do you recall receiving this letter from Mr. Hance from the Institute of Textile Technology? I direct your attention specifically to the second paragraph. A. Yes.

Q. In the second paragraph it states "The trustees at the May meeting asked that I write to each member company urging the contracts be renewed at this time in advance of the expiration date next year. In conversation with Mr. Milliken he asked that these contracts be forwarded directly to you for execution."

[3445] Were the contracts enclosed with this letter? A. Where they were received, yes.

Q. And did you execute the contracts and send them back? A. Yes.

* * *

[3448] Trial Examiner Buchanan: On the record.

As I did at the opening of the session on October 9, I shall read into the record the telegram which I received on return to my hotel at the close of the hearing yesterday.

This is addressed to me at the Barranger Hotel here.

"Re: Darlington Manufacturing Company, et al, 11-CA-1071. Board has considered Textile Workers Union's appeal from Trial Examiner's ruling which granted motion to dismiss amended complaint as to Roger Milliken, an Individual, and the parties' briefs related thereto. Board affirms Trial Examiner's ruling upon the sole ground that the amendment of the Complaint to the extent that it included Roger Milliken as an individual respondent went beyond the permissible scope of the Board's remand order of December 16, 1957. Frank M. Kleiler, Executive Secretary."

There is one other matter that I want to mention. The Board's Remand Order, you remember, calls for "Evidence relevant to the single employer status of Respondent and Related Corporations."

On Tuesday the various mills and mill corporations which sell through Deering, Milliken and Company, Inc., were named by Roger Milliken. Including Darlington, 17 corporations, some of them wholly owned subsidiaries of others of them, and twenty-seven plants, were thus identified.

[3449] Is that correct?

Mr. Dyer: Yes, sir. I believe so.

Mr. Updike: Yes, sir.

Trial Examiner: I think we all agree on the identification of the corporations which are alleged by the General Counsel and the Union to be "related corporations."

I think that also that such identification should be stated specifically on the record.

I wonder whether that is clear. We have reference to related corporations. And I think the claimed extent of those related corporations should be stated.

For example, we have the 17 mentioned. I think we, or General Counsel and the Union, including Deering, Milliken and Company, Inc.

Mr. Dyer: Yes, sir, and the Service Corporation and the Research Corporation.

Trial Examiner: I wanted that said on the record because I don't think to this point—I may have forgotten—but it is my impression that that has not been specifically stated on the record.

Are there any others?

Mr. Janes: Mr. Trial Examiner, I think I said the other day that the position of the Union will be that the single employer status between Darlington and the related corporations would include the corporations related directly and [3450] indirectly.

And, Mr. Dyer, I think has referred to the corporations that will be claimed to have been related directly. I believe that in our briefs we will take the position that there are other corporations that are related indirectly because they are related to the corporations that are related directly.

Trial Examiner: Yes. Well I think it would be helpful. What you are telling us is that we have the

17 and three more—20 to this point, as Mr. Dyer has identified them.

Now, if you want to suggest or claim others, which ones specifically?

I think I said I thought we understood.

I don't know that anybody reviewing the record will know just what you have in mind now.

Mr. Janes: I think that includes all that I had in mind.

Trial Examiner: Oh, twenty.

Mr. Janes: Yes.

Trial Examiner: I thought you were telling us perhaps that there were others.

Mr. Janes: No. I just wanted to make sure that it was clear that in addition to the corporations that Mr. Dyer mentioned specifically just now that there would be others [3451] related to these three corporations whom it would be claimed would be related to Darlington.

Trial Examiner: That is what I am asking about. Which others, when you say "others"?

Mr. Janes: None others. I think we can go on the basis of the 17 corporations.

Trial Examiner: 17 plus 3.

Mr. Janes: Yes.

Trial Examiner: But no others directly or indirectly related.

Mr. Janes: That is right.

* * *

[3452] Mr. Schoemer: According to information in our possession which we believe to be ac-

curate. As of October 1, 1956 there were 18 plants which had a personnel manager.

There were six plants which had no personnel manager. And there were four plants in which the personnel function is performed by the office manager.

Darlington is included in the first group.

In addition, Monarch Mills had a director of industrial relations, to whom the personnel managers at the Monarch and Otteray Plants reported.

Trial Examiner: Eighteen, six and four, give us a total of 28. I thought we had counted 27.

Mr. Schoemer: Well that is what gets me. Because I was aware of that. I am unable to explain the discrepancy except that I have four separate units listed for Pacolet.

Trial Examiner: My impression is that we had only three. I think it is important that we get the number of plants correct certainly.

Off the record.

(Discussion off the record)

[3453] Trial Examiner: Back on the record.

Let's say only that the check of the list of plants indicates that at one point there was a duplication and that Mr. Schoemer's figure of 18 should be changed to 17 plants which had a personnel manager; is that correct?

Mr. Schoemer: Yes, sir, that is right.

The other figures remain unchanged, as stated.

* * *

[3456] *Cross-Examination*

Q. (By Mr. Updike) Mr. Oeland, by whom are you now employed, sir? A. Presbyterian College, Clinton, South Carolina.

Q. And by whom—or how long have you been employed by them? A. Since November 1, 1957.

Q. That is November 1st a year ago? A. That is correct.

Q. Now, after you—after the liquidation of Darlington, [3457] did you have a discussion with Mr. Roger Milliken with respect to your continuation at Darlington some time in December or January—December of 1956 or January of 1957? A. I did, sir.

Q. Will you give us the substance of that conversation? A. It was when we were having the sale in December that I asked him.

Q. The auction sale? A. The auction sale, yes. I asked him what I could plan on for the future. He told me at that time that he thought it was a bad policy to demote a man and that he had no position similar to what I had been doing at Darlington to offer me.

And, therefore, I could consider myself—that I would make a change in employment.

Then I asked him at that time when I could expect to be through at Darlington. And he told me about March 1, 1957.

Shall I continue?

Q. All right.

Mr. Janes: Mr. Updike——

Q. (By Mr. Updike) What, if anything, happened between then and the date that you have given us with

respect to your employment by Presbyterian College as to the continuation of your salary? A. During the hearing in February, was it?——

[3458] Q. January and February. A. January and February.

During the hearing Mr. Milliken mentioned to me that this matter was going to be longer than he had anticipated, and that for the present we would continue on the same basis until a later decision was reached.

Q. Very good.

Now how long did you continue on Darlington's payroll at your salary as Treasurer? A. Until July 1957.

* * *

[3459] Q. (By Mr. Updike) Subsequent to October of 1957, you have not been on the payroll of Darlington in liquidation; is that right? A. Since October of 1957 I have not.

Q. Now, sir, would you give us somewhat more fully—it appears in the record I think from Mr. Milliken's testimony—your background in the Textile business up to the time that you become treasurer of Darlington. And would you start, please, with your work at Clifton? [3460] A. I went to work for Clifton Manufacturing Company October 1, 1927. I was Assistant Paymaster. During my stay there, I did various types of work, all types of office work, including accounting.

I spent my spare time on my own working in the mill in the afternoons and night. I would spend my spare time with the cotton department on learning how to grade staple cotton.

In the depression, I was put in charge of all the repair and maintenance of the villages and some of the major

maintenance work in the mill.

Q. When you say the depression, I take it that is the early 30s? A. The early 30s, yes.

Q. Now, did you in connection with your work with cotton have any experience with the buying of cotton or working with the men who did buy the cotton? A. Well, I was closely associated in a small office. And so I knew all the ramifications of purchases and records.

Q. All right. Now subsequent to Clifton, at some point your next employer, as I understand it, was the Riegel Textile Corporation? A. Yes.

In 1940 I went to the Ware Shoals Company—a manufacturing company, which was later—it later became part of the Riegel Textile Corporation.

[3461] My job there at first was office manager. As has been testified, I was later made comptroller.

The last year I was there, I was in charge of industrial relations.

Q. Now, was either Clifton or Riegel a unionized concern? A. Clifton had not signed a contract with the union when I left there. But they were in the midst of negotiating.

Q. At that time? A. At that time, yes.

Q. Now, when was it that you——

Trial Examiner: What about Riegel?

The Witness: Riegel had no labor contract while I was there.

Q. (By Mr. Updike) Now, when was it, Mr. Oeland, that you left Riegel to go to your next employer? And who was that employer? A. It was in March 1946 that I went to Monarch Mills in Union, South Carolina.

Q. Who was the Treasurer of Monarch at that time? A. Mr. W. A. L. Sibley.

Q. Had you been a personal friend of Mr. Sibley's for some time prior to that time? A. Yes. I had been a personal friend. And he for part of the time I was at Ware Shoals was the manager of Ware Shoals Manufacturing Company.

[3462] Q. Now, will you describe generally your duties when you arrived at Monarch? A. I was controller there of the Monarch Mills which of course included all of the accounting for the three plants that has been referred to.

Q. At Monarch itself and Lockhart and Otteray? A. Yes. I was also controller for the Lockhart Power Company, a wholly owned subsidiary of Monarch Mills. I was also controller for the Jonesville Products Company.

Q. That is the wholly owned subsidiary which the testimony indicates made diapers and crib sheets? Or rather they sewed them? A. That is right.

Q. Now, during the course of your stay at Monarch, what experience, if any, did you have with respect to the operation of the Otteray Plant in other than an accounting way? A. A year or possibly two years before I went to Darlington, the manager of the Otteray Plant took the position with another outfit. And I asked Mr. Sibley if he would let me take over the job as manager along with my other responsibilities.

Q. And did you thereafter do that? A. I did that until I left Monarch.

Q. Until you left Monarch to come as treasurer at Darlington; is that right? [3463] A. That is right.

Q. And that was I think you have told us in July of 1951? A. I actually went to work at Darlington August

the first, 1951. I spent a few days down there prior to going to work.

Q. Now, you told Mr. Dyer yesterday your conversation with Mr. Sibley and with Mr. Roger Milliken leading up to the tendering to you of the opportunity to become treasurer at Darlington:

Do you recall that? A. Yes, I do.

Q. Now, did you have any discussion with Mr. Milliken concerning the nature and scope of your authority and responsibilities at Darlington? A. Yes.

Q. Will you please tell us what that was and when was it with respect to the conversation that you told us about yesterday? A. I think I mentioned the fact that when they had the first conversation that I was in the room with Mr. Milliken and Mr. Sibley.

At the conclusion of that, Mr. Milliken suggested I go in my office and he would be by to see me in a few minutes. And he came by my office, and he had another conversation with me.

Q. Will you give us the substance of that conversation? [3464] A. He told me at that time that I would be in complete charge of Darlington; that I would be responsible for its costs, its employment of personnel, its purchasing both of raw materials and supplies and so forth; that I would be responsible for its sales; and that if I didn't make money I wouldn't stay there.

He further said that if I wanted his advice I could get it; but if I accepted his advice it would be my decision.

Trial Examiner: Just a moment.

Q. (By Mr. Updike) Now, Mr. Oeland, I take it with the background of that discussion as to your authority and

the scope of your responsibilities, you went to work as treasurer at Darlington; is that right? A. That is right.

Q. Now, in your testimony yesterday, there are certain points that I would like to pick up briefly. First of all, Mr. Dyer questioned you concerning a number of accounts where he exhibited some sheets to you which were not put in the record in this case and which sheets bore a number of some sort. Do you recall that? A. Yes.

Q. Now, who applied those number designations and about when were they applied, so far as your knowledge goes? A. They had some account numbers.

Q. Who is "they". You mean Darlington? [3465] A. Darlington Manufacturing Department.

—when I went there. And to simplify them as far as I was concerned, I changed them to the ones that were shown there yesterday.

Q. So the ones that were shown yesterday were applied by you and consistently used throughout the period up through Darlington's liquidation; would that be right? A. That is right. I had had a good deal of experience in this line over at Ware Shoals where they had a termendous amount of accounts. And I worked on account numbers over there so that the first digit would indicate the department; the second digit would indicate certain things, and on down the line. And so I had certain ideas about those things.

That is the reason I worked on them personally.

Q. Now, do you also recall yesterday testifying with respect to the use of some forms at Darlington, some of which I think were printed at the printing plant at Abbeville? A. Yes.

Q. Now, to what extent, if any, did you bring to Darlington forms out of your prior experience at Riegel and Clifton and Monarch? A. I had files that I would pick up forms and information and reports by these different categories.

Q. And did you use those in setting up whatever forms you needed at Darlington from time to time? [3466] A. Whenever I had occasion to need them.

A lot of forms in the mill were there when I went there. And when you needed a new form, invariably the form that you had somewhere else would have to have changes, sometimes major and sometimes slight, to suit the situation at the particular plant.

Q. Very well. Now, in another connection, sir, you will recall there was a series of questions about Darlington writing up policies.

I show you General Counsel's O-4 merely to refresh your recollection as to the document used to refresh your recollection yesterday when you testified? A. I mentioned the fact that the last year I was at Ware Shoals I was head of industrial relations.

Q. Yes, sir. I would like to pose a question if I may: Will you tell the Examiner in your own words and in your own way what you did with respect to the development of policies at Darlington? A. I suggested the same plan to the supervision at Darlington that I had used at Ware Shoals. That is, if you are going to write a policy, actually the people that should write it are the supervision. And so you select a subject. And anybody, taking what information they could gather here and there, would sit down and do a rough draft of a proposed policy that they thought would fit at that particular plant.

[3467] This rough draft, then, was distributed to supervision in a policy meeting. And it was discussed word by word and item by item, with the understanding that if that supervision approved that policy, they would go out and back it up in the mill and sell it to the employees. And so it would take several weeks, maybe several months, on

certain policies, to get complete agreement as to the wording, as to the things that should be included, and so forth.

What I am saying is that the first rough draft would be revised. And then at the next policy meeting other suggestions would be gathered, and it would be revised. And after the supervision at that particular plant—we are talking about Darlington—could agree to a policy, it was then brought to my desk, and I went over it in detail. I had no part in the other meetings.

* * *

[3474] Q. (By Mr. Updike) Now, Mr. Oeland, immediately preceding the sale of this warp yarn to which you testified yesterday to Monarch, had your operations at Darlington gotten out of balance with respect to warp yarn? A. Yes, they had.

Q. And to what extent did you shop around in search of a market for them—for your warp yarns? A. I tried anyplace that I knew of that I might dispose of this yarn.

Q. Had you from time to time sought bids from Islin Jefferson and Martha Mills with respect to excess warp yarns? A. Yes. Purchases and sales.

Q. And conversely were there times when, instead of having an excess of warp yarns, the reverse was true; you had an [3475] insufficiency? A. Yes, as stated a moment ago.

Q. Well, did you in that connection also seek offers of yarn from Islin-Jefferson? A. Yes.

* * *

[3477] Q. Very good, sir. Thank you.

I think you told us yesterday that Mr. Roger Milliken came to Darlington only perhaps three or four times a year and then generally in connection with a director's meeting or some such meeting? A. Yes.

Q. Let's take 1955, which was the last full year, I guess, of actual operations.

How many times would you say that you talked with Mr. Roger Milliken on the telephone in that year? A. I would say five or six times.

Q. In the course of a year? A. Yes.

Q. Now on what other occasions would you talk to Mr. Milliken? [3478] A. Perhaps at Treasurer's meetings I may have had some private conversations with him there.

Q. And those were what, three or four a year? A. I think four a year, wasn't it? Quarterly I think is what they were.

Q. And have we now covered the extent of your contacts with Mr. Milliken other than as appears in the record here through your letters, so-called newsletters, and so-called operations reports?

Mr. Dyer: I think you might include also testimony of Mr. Milliken's visits to the mills and the director's meetings.

Mr. Updike: Well, I have just brought that out, I thought.

Mr. Dyer: I thought you just brought out treasurer's meetings.

Mr. Updike: We will put them altogether if you will.

We have personal visits in connection with the director's meetings which are three or four times a year.

The Witness: And stockholders, they are the same.

Q. (By Mr. Updike) Well the annual meeting of directors and the annual meeting of stockholders would be the same occasion? A. That is right.

Q. Then we have four treasurers meetings? A. That is right.

[3479] Q. And we have, I think you said, five or six telephone calls in the course of a year? A. That is right.

Trial Examiner: And the other contacts through letters, including newsletters.

Mr. Updike: Yes. Through the witness' letters and these so-called operational reports.

The Witness: And occasionally I might run into him in the New York Office when I was there. But very seldom would we have any discussion of business matters as far as Darlington was concerned. Those occasions were rare.

* * *

[3480] Q. I show you Respondent's Exhibit N-2, and I draw your attention particularly to the section of this handbook marked or headed "Our products and their uses", and the full paragraph immediately following that.

Would you look at that please, sir? A. "Our products and their uses", did you say?

Q. Yes. At the top of page 7. Would you look at the paragraph immediately following it? A. Yes.

Q. Would you please read into the record, sir, the reference [3481] there to Deering, Milliken and Company, Inc? A. "Our fabrics are sold through our selling agent, Deering, Milliken and Company, Inc., New York."

Q. Now, so far as you are aware is that the only reference to Deering, Milliken and Company in the entire handbook? A. That is the only one I can find.

Q. Mr. Oeland, you have told us of your conversation with Mr. Milliken in July of 1951 with respect to your area of authority and responsibility at Darlington? A. Yes.

Q. Do you recall that, sir? A. Yes.

Q. And with the exception of such things as are reserved to the Board of Directors by corporate practice; and I guess with the possible exception, if it is an exception, of the capital expenditures during the period from August of 1951 through October of 1956, did you as Treasurer of Darlington in your day in and day out operations act according to your judgment as the executive head of that business? A. I did.

Q Now, do you recall at the earlier hearings in this case that Mr. Zimny, who was then of Counsel for the Charging Party, making an offer of proof? Do you recall that? A. Yes, sir.

Q. I would like to ask you some questions relating to [3482] his claims there as to the facts.

Now, did you, while you were at Darlington, in the course of the activities in which, let us say the departments of the Service Corporation were involved, did you consult them for their advice? A. Yes.

Q. Did you at any time believe or have the view that they were controlling what you did?

* * * *

[3483] The Witness: No.

Q. (By Mr. Updike) I have asked you, sir, how often you saw or talked with Mr. Roger Milliken? Now how often did you see or talk with Mr. Gerrish Milliken who was a member of the Darlington Board? A. I would probably see him in the office when I went to New York and speak to him. But no discussion at Darlington.

Q. Mr. Minot Milliken? A. On a few occasions I would have something to discuss with Mr. Minot Milliken. Either by telephone or while I was in New York. These

mostly dealt with matters pertaining to accounts receivable and changing of D. M. notes into the bank account, or things of that nature.

Q. All right.

Mr. Francis Kingsley? A. Again I would see him if he happened to be in the office in New York. But I would only speak to him. Never discuss the business.

Q. Mr. Hatch? A. Very seldom did I see him nor did I discuss any Darlington matters with him.

Q. Other than at Director's meetings where these gentlemen were present? A. That is correct.

* * *

[3485] Trial Examiner: Did any of those other coporations, the Deering, Milliken Service Corporation, the Research Corporation, or other mills which sold through Deering, Milliken take any part in Darlington's labor relations?

The Witness: No.

Q. (By Mr. Updike) For example, sir, you were asked yesterday about the activities of the Deering, Milliken Service Corporation's industrial engineering department working at Darlington.

And I believe that your tesimony was that what job assignments or new plans were laid out were actually done by Darlington's Industrial Engineering Department; is that right sir? A. That is what I testified.

Q. And to what extent did the Service Corporation's Industrial Engineering Department work with Darlington on those matters? A. As adivce in methods or checking over.

Q. Reviewing what has been done? [3486] A. Yes, reviewing what has been done.

Trial Examiner: We will take a 5-minute recess.

(Whereupon, a short recess was taken.)

Trial Examiner: On the record.

Q. (By Mr. Updike) Mr. Oeland, again referring to Mr. Zimny's offer of proof—I am now referring to page 238—he stated that the charging party would prove that Deering, Milliken and Company "enforces and maintains a uniformity of work assignments, work efficiency, job classification, wage rates, employee training programs, and employee recruitment."

Using the term "employee" in the sense of a non-supervisory employee, when you were at Darlington, did you or anyone at Darlington recruit any employees through any of the Services that have been testified to in this case? A. No.

Q. Did you at Darlington so far as you are aware have work assignments that were uniform with those in any other mill? A. No.

* * *

[3487] The Witness: I had in mind job content. You have weavers. But the job at Darlington as far as weavers is concerned is the duties and the way they perform it, has no pattern at all compared to any other mill.

[3488] Q. (By Mr. Updike) At least any other mill that you had ever been connected with; is that right? A. That is right.

Q. Again Mr. Zimny offered to prove that "Deering, Milliken maintained and enforced in its constituent mills, including Darlington, uniformity in all other terms and

conditions of employment, including hourly, piece, and incentive wage rates, shift premiums, and plant minimums."

So far as you are aware, sir, were the hourly, piece and incentive wage rates at Darlington uniform with those at any other mill selling through Deering, Milliken and Company? A. No, sir.

Q. Would your answer be the same for shift premiums and plant minimums? A. Yes.

* * *

[3492] Q. (By Mr. Updike) Do you recall testifying yesterday [3493] with respect to the prospective employment of a man named Jimmy Wells? A. Yes.

Q. Who had been working at Pacolet? A. Gaffney.

Q. Gaffney was it? A. Yes.

Q. Well, tell us in sequence what your interviews were and how you finally filled the post? A. It was for the master mechanics job at Darlington. The records show that we employed Jimmy Wells. He came down for an interview and was employed. But a day or two after he had accepted the job, he called and said that he had been offered a job in——

Q. He called? A. Yes. Mr. Wells called.

Q. Yes. A. And said he had been offered a job in Gainsville that he felt had better possibilities than Darlington had, and he would like to request our consideration in relieving him of his responsibility at Darlington, which we agreed to.

* * *

[3495] Q. Now speaking generally, Mr. Oeland, about how many men would you say that you had hired from concerns that had no connection with any mill selling through Deering, Milliken and Company for supervisory posts? A.

This includes the ones that were there when I went to Darlington.

Q. Yes, sir.

Trial Examiner: No.

Mr. Dyer: No.

Mr. Janes: He couldn't have hired them.

Mr. Updike: Well, he had the responsibility for either keeping them or not keeping them, as the case may be.

[3496] Mr. Updike: So let's exclude those for a moment?

The Witness: All right.

Trial Examiner: Was that question to exclude Deering, Milliken; or did it refer to Deering, Milliken Mills?

Mr. Updike: Mills selling through Deering, Milliken was the question?

Trial Examiner: Yes.

The Witness: There was four out of the eighteen supervisors and second hands employed in this period that were hired outside of Deering, Milliken.

Mr. Updike: All right.

Q. (By Mr. Updike) Now were those people employed outside of the mills selling through Deering, Milliken and Company, outside of the Research and Service Corporations, and outside of Deering, Milliken and Company itself? A. That is right.

Trial Examiner: I think the witness has told us there were 18 supervisors and second hands that he

hired as supervisors, four who had not previously, and so on.

What about the other fourteen?

Q. (By Mr. Updike) How many of the other fourteen were there either when you came there or were promoted out of Darlington's own force?

Trial Examiner: Why can't we ask how many were hired from other D. M. Mills and/or the Service Corporation, the [3497] Research Corporation, or D. M. and Company?

Mr. Updike: All right.

During the same period?

The Witness: Four.

Mr. Updike: I am not sure that "hired from" is quite the way to phrase it.

Trial Examiner: Well, "had previously been employed by".

Mr. Updike: Previously employed by, all right.

Trial Examiner: And your answer is four?

The Witness: Four, yes.

And I am including in that the technical superintendent, which would not be considered in this eighteen.

* * *

The Witness: I would like to state that I left out Mr. Granger in this deal. In other words, I didn't consider I had hired him. He didn't stay there long enough. He got in and out so quick that I didn't include him in that number, either the job or the man.

* * *

[3498] Q. (By Mr. Schoemer) Mr. Oeland, do you recall Mr. Milliken's examination in relation to Exhibit General Counsel's N-63 in which he referred to a wage discussion held in August of 1955? A. Yes.

Q. What was that so-called wage discussion that occurred at that time? A. It was a meeting I think that has been referred to at Drayton Mills, Drayton, South Carolina.

Q. Who attended the meeting?

Not by name, but generally? A. Treasurers, and managers, and in my case I carried along a superintendent, and I think a lot of the others did.

Q. What was the purpose of the meeting, Mr. Oeland? A. The purpose of the meeting was—we had had some firm or chain which had announced a general increase in wages.

Q. Do you remember who it was? A. As I remember it was Burlington.

Q. Do you remember the amount of increase? A. As I remember it was an average of 5 cents an hour.

And we went there to get some information for comparative value of wages paid by a number of mills outside of the Deering, Milliken groups and those being paid—that is, in [3499] the cotton mills now of Deering, Milliken.

Q. Who prepared the information that you obtained, Mr. Oeland? A. Mr. Lowry. His department prepared it.

Q. Who presented it at the meeting? A. Somebody in that department.

It was presented in charts, just big charts put up there, with the name of the mill, broken down by categories of jobs. And the main questions discussed were "are you sure this is right here" or is that right? It was a question of where the information came from and how accurate it was.

Q. Did the charts show that uniform wages were being paid at all the mills included on the charts? A. No.

Q. Let's break that down a little bit further. Did the charts disclose uniform wages on the part of all the mills selling through Deering, Milliken? A. No.

Q. Did it disclose—did they disclose uniform wages on the part of other mills which we have called outside mills from time to time? A. No.

Q. Now was there any discussion—— A. And when we speak of uniformity, I would like to put this in. For instance, there always has been some reasonable uniformity in, for instance, loom fixers' pay. But as I [3500] remember, there again Darlington was out of line, out of step there. They pay on loom fixers, even that one category, usually is consistent. Other mills were out of step too.

Q. Do you mean the uniformity as to loom fixers pay existed only on the part of the D. M. Mills? A. It was not uniform there.

* * *

[3501] Q. (By Mr. Schoemer) Now, Mr. Oeland, were Darlington's wages shown on one or more of those charts? A. They were.

Q. Was there any discussion at the meeting as to the amount of increase that was going to be given by Darlington in the various job classifications? A. No.

[3502] Q. Was there any discussion as to the amount of increase that was to be given by any of the other mills represented at the meeting in the various job classifications? A. No.

Q. Subsequently was a decision made as to the increases to be made at Darlington? A. Yes.

Q. Who made that decision? A. I did.

Q. Whom did you consult before making it? A. I had a discussion with the overseers and superintendents.

Q. Did you ever discuss it with Mr. Milliken? A. No.

Q. Was the increase that was actually given at Darlington, if you know, the same as the increase given at any other mills selling through Deering, Milliken? A. Having lived through it, I would think that the increase at Darlington was different from any other mills on the outside or in the Deering, Milliken Mills.

Q. Well, did you give a flat across-the-board five cent an hour increase at Darlington? A. No.

Q. How much did your increase average out to? A. As I remember it, it was about 3.75 cents an hour.

[3503] Q. Well, can you explain how that happened, Mr. Oeland? A. I took down notes from this chart as to the categories that we would have as compared to others. And as has been previously testified, I found out that our base rate for a number of the piece work jobs was higher than any mill in D.M. or any mill in competition.

I had also noted that on the other side of the extreme, we probably had more jobs that were below a dollar an hour than any D.M. mills plus competition.

And I was faced with the problem of what to do at Darlington; whether to increase a full five cents an hour on these jobs that were out of line and thus throw ourselves further out of line as far as competition was concerned, or to try to get an average of five cents an hour by not increasing those particular jobs and bringing it up on the lower end of the line which was given—there were so many less employees on that end of the line it would give quite an increase to them.

The reason I remember it so distinctly I stayed awake over it about three nights.

Q. Now, prior to reaching and announcing your decision as to the amount of the increase, did you discuss it with anybody who was not employed by Darlington Manufacturing Company? A. I don't know that I did. It seems to stick in my mind that I privately discussed it with Mr. Sibley at Monarch; not what I did, but if he could throw any light on the problem [3504] as far as the decision I had to make.

Q. You and Mr. Sibley were old friends you have testified? A. That is right.

Q. He was formerly your superior at Monarch, is that right? A. That is correct.

Q. Which was the nearest D.M. Mill to Darlington geographically speaking? A. Hartsville.

Q. Did you ever discuss it with the Treasurer of Hartsville, this subject of the wage increase? A. I don't remember any discussion that I had with him.

Q. Do you have any recollection of what kind of an increase was given out at Hartsville Cotton Mill? A. I don't remember—well I do remember on a few jobs where there was a slight difference between Hartsville and ourselves that I did try to make up that slight difference. But as I remeber there was no particular pattern anywhere along the line.

Mr. Janes: May I have the answer read?

(The answer of witness was read by the reporter)

Q. (By Mr. Schoemer) Well did you discuss the matter of the wage increase in any way subsequent to the meeting that you have described with anybody connected with the Service Corporation? A. No. They came there and got

some information about [3505] our wages but I don't remember who came or any discussion was held.

Q. When was that, before or after the increases? A. Before the charts were prepared.

Q. Did you have any such discussion with anybody connected with the Research Corporation? A. No.

Q. Or with Deering, Milliken and Company in New York? A. No.

* * *

[3506] Q. (By Mr. Schoemer) Mr. Oeland I direct your attention first to the fourth paragraph on the first page of this letter (Res. Exhibit O-1). Will you read the first sentence of that paragraph? A. "It has been necessary for us to stop the weave room after two 8-hour shifts the last two weeks."

Q. What does that mean, Mr. Oeland? A. It means that two weeks the weave room had not run a full 144 hours.

Q. Who made the decision as to the amount of time the weave room would run? A. I did.

Q. Whom did you discuss that decision with? A. Nobody.

Q. Did you ever discuss it with Mr. Milliken? A. No.

Q. Anybody from the Service Corporation? A. No.

Q. I direct your attention to the next paragraph of the same letter. Will you read that sentence, please? A. "It is our plan to shut down the 24 hours of July 4th in order to save the premium pay for this holiday."

Q. Whose decision was that? A. Mine.

Q. Whom did you consult with before making it? [3507] A. Nobody.

Q. Not Mr. Milliken? A. No.

Q. Nor the Service Corporation? A. No.

Q. Will you turn to the eighth paragraph of the letter which appears on the next page? Would you read that paragraph into the record beginning "We turned down—"? A. "We turned down an offer for a million yards of 109 x 58, 3.33 broadcloth for fourth quarter for 22¾s cents from Stein-Tex. We are presently asking 23 cents, and with the uncertainty of what we will have to pay for cotton and the fact that both 80-square and 100 x 60 broadcloth having gone up, we are holding out for the one/fourth cent more.

"Al May said over the phone yesterday we had lost the order to our competitors."

Q. That was a pretty big order that was offered to you, wasn't it? A. Yes.

Q. You didn't get million yard contracts every day, did you? A. No.

Q. Well now who made this decision to turn down the price that was offered? A. I did.

Q. Whom did you consult on that? A. Nobody.

[3508] Q. Whom did you talk to about it? A. Nobody except Mr. May.

Q. Did you ever talk to Mr. Milliken about it? A. No.

Q. Did you discuss it with anybody else at Deering, Milliken in New York? A. No.

Q. As I understand it, Mr. May subsequently reported to you that the order had been lost to your competitors; is that correct? A. Yes.

Q. Do you remember who the competitor was? A. No. As has been testified, there were about three other mills, wasn't there, making that particular construction, Inman, Arcade and—did Joanna make it?

Anyway they were mills outside the Deering, Milliken Group.

Trial Examiner: Excuse me.

Did you discuss this with Mr. May before you turned the order down?

The Witness: Yes. He was probably bringing a lot of pressure on me to take it.

Trial Examiner: What do you mean by "probably"?

The Witness: Well they wanted to sell goods. That was their job. My job was to make them and sell them at a profit.

[3509] Mr. Schoemer: Profit to whom?

The Witness: To Darlington Manufacturing Company.

Mr. Schoemer: And its stockholders?

The Witness: That is true.

Q. (By Mr. Schoemer) Now Mr. Oeland it was your practice to discuss these matters of sales with Mr. May and Mr. Elliot Miller during this period of time, was it not? A. That is true.

And to make periodic trips to New York and discuss with customers what they were doing and what they wanted and how they felt about the market.

Q. Did you discuss with Messrs. May and Miller anything but matters pertaining to the sales of Darlington's production? A. That and any questions of quality that might come up with complaints from customers and things like that—customer relationship.

Q. In other words is it fair to say that your discussion with them was confined to sales and matters related to sales of goods? A. That is right.

Q. Did you ever discuss wages, hours, or working conditions at the Darlington Plant with either of them? A. No.

Q. Now, did you hear Mr. Kable testify in this case? A. Yes.

[3510] Q. Did you hear Mr. Kable testify as to the extent of the contract between his office and you with respect to tax matters, the writing of minutes, et cetera? A. Yes.

Q. Now, did you have any other contact with Mr. Kable except such as he has described in his testimony? A. I think not.

Q. Did you ever discuss wages, hours or working conditions at Darlington Plant with Mr. Kable? A. No.

Q. Would the same answer hold true for Mr. Miller? A. Yes.

Q. Now so far as Mr. Flanigan is concerned, he has not actually testified in this case. However, did you have any dealings with Mr. Flanigan or with the controller's division of Deering, Milliken and Company except such as has been generally identified in this record by the other witnesses? A. That is right.

Q. Did you ever discuss wages, hours and working conditions of Darlington's employees with Mr. Flanigan? A. No.

Q. Did you ever discuss that subject with any person employed by Deering, Milliken and Company of New York except Mr. Roger Milliken? A. No.

* * *

[3511] Q. Now, taking the Gaffney case first, do you remember the testimony that you agreed to pay Gaffney two cents a yard on the goods that they made to fulfill the unfilled portion of your contract? A. That is right.

Q. Why did you make such agreement, Mr. Oeland? A. There were several things that entered into this.

In the first place, this particular double width cloth we had never at Darlington been able to make it light enough; because as you understand, 80 inches of filling was across that cloth. And it comprised a good part of its weight. We had to make a very light filling to try to get the weight of the cloth down. If we made it too heavy, we were giving [3512] away cotton. We were never able to get that filling light enough because of the fact that if you made it too light, your filling would break so easy, don't you see. So Mr. Norton didn't want to take on that particular construction. He knew what he would be walking into.

And he had a construction on, as has been stated that had some similarity to it, except that his construction as I remember was heavier. And in figuring cost and constructions, you always bring them to a pound cost. And if you had a heavier construction it cost you more per pound because of the cotton and other things that went into it.

So when I analyzed again, he put our construction in this mill, it would have meant probably a different warp number—number of ends in the warp.

As I said it would have meant a different filling that was very light, and he would have had to have kept up—or identified which sometimes gets to be a problem, two different constructions.

Again it was not for too large amount. As I remember something over a hundred thousand yards. And adding all these things up, had I been sitting in Mr. Norton's chair I felt that all said and done, he was doing me very fair. And I had to make some adjustment. As has been brought out, we tried to go out in the other competition and get this. We tried to get the customer to cancel. We tried every angle.

[3513] And we were up against it.

And so this seemed like a solution that I was glad to accept as far as Darlington and Darlington's stockholders, which in every case every decision I made was based on whether if Darlington money was mine would you accept or reject.

What would you do?

So adding all that up, I accepted the two cents a yard which I felt was a very fair settlement.

Q. (By Mr. Schoemer) Well did the same reasoning govern your decision as to the 3.90 poplin which was—on which a contract was filled by Monarch? A. That is true.

You have got to remember on the 3.90 poplins against every decision on selling cloth is almost based from day to day. The cotton market can change. Even if the cotton market doesn't change, you remember we brought in that basis can change.

In other words, the basis has to do with the supply and demand of the particular grade of cotton. You could have an unusual storm today in California where you have got irrigated cotton and wake up in the morning and find out that the better grades of cotton—irrigated cotton in California has changed. That is how quickly it can change. So when you say you are satisfied, I figured all these conditions again; and I felt like the settlement of a quarter cent a yard was [3514] very fair.

And I further felt like that Mr. Sibley was doing me a favor to be willing to help me out in fulfilling the contract.

Q. And did you similarly feel that Gaffney and the New Holland Plant of Pacolet were doing Darlington a favor? A. I did.

Mr. Schoemer: Thank you, Mr. Oeland. That is all.

Q. (By Mr. Updike) Mr. Oeland, I think the record shows that you were a stockholder at Darlington; is that correct? A. That is true.

Q. And I think there is a reference also in the record to Mr. Henry Simpson as the owner of some 20,000 shares? A. Yes.

Q. Is that approximately your recollection? A. The stockholders that he controls and personally, he and his family, about 20,000 shares, yes.

* * *

[3516] *Redirect Examination*

Q. (By Mr. Dyer) At the annual stockholders meetings which were held I think in January of each year, can you tell us who besides the directors showed up at the stockholder's meetings? A. There were occasions when we had outside that group. But there were not too many.

Trial Examiner: When you say "outside"—you mean stockholders?

The Witness: Stockholders——

Trial Examiner: You are speaking only of stockholders; stockholders who were not directors?

The Witness: That is right.

Q. (By Mr. Dyer) Let me show you the minutes for the 1955 meeting. And the minutes for the 1956 meeting. And let me see if you recall on either occasion there was anybody else there except the directors at the stockholder's meetings? A. I don't see any reference in here to it. But I have a [3517] feeling——

Q. Well I am thinking that this paragraph here might help you where you say the number of shares represented

in person and those by proxy. A. Yes. But I would have to have a list of those to see whether those shares represented in person were only the directors. You see, they could have been there and it wouldn't show up here if they were there.

Q. Well just from looking this over, do you recall anybody else being at either of those meetings besides directors? A. We had a man from Charlotte that came down to several meetings. And in one of these meetings—I am trying to think—I think one of the men in the office that owned some stock was there at the meeting.

Q. Those are about the only two people that you know of that appeared besides the directors? A. Now these are stockholder meetings. Other than the one that——

Q. Other than the liquidation meeting I am talking about. A. Yes. There were very few. And at the moment that is all I can recall.

I would like to say if I may that Mr. Lyles who was a director usually voted the Henry Simpson Stock.

Q. Now you talked about this wage discussing meeting——

Mr. Updike: Before you go into that, is it agreed that [3518] Mr. Lyles is the gentleman who is referred to at the early hearings as a director resident in Darlington, and who was the head of one of the Belk-Simpson Stores located in Darlington?

Trial Examiner: He was not—what phrase do you want to use? —related to the Milliken family?

Mr. Updike: Not connected in any way, no, sir.

* * *

[3519] ROGER MILLIKEN resumed the witness stand and having been previously duly sworn was examined and testified further as follows:

Cross-Examination

Q. (By Mr. Updike) Mr. Milliken, can we go briefly for a moment into the circumstances by which Mr. Lyles became a director of Darlington? A. Yes, sir. At stockholder's meetings of Darlington that I attended in the beginning, Mr. Henry Simpson was accustomed to being present.

Q. Is this before the time when Mr. Oeland was the treasurer? A. I have just checked with Mr. Oeland on that because he did not remember Mr. Henry Simpson having been there. And I did. And I wanted to see if we couldn't reconcile our memories.

At one of these meetings, Mr. Henry Simpson said that it was impossible for him to always come down to Darlington at the time of the stockholder's meeting and that because of his very substantial monetary interest as a stockholder of Darlington, he wanted to recommend to the stockholders that [3520] they elect Mr. Lyles as a director of the company to represent his interests. When I discussed this with Mr. Oeland right after his last testimony he said that Mr. Lyles was elected a director at the first stockholder's meeting of the Darlington Manufacturing Company; that he, Mr. Oeland, attended.

Q. Was Mr. Lyles a director from that time on through to the liquidation meeting in October of 1956? A. Yes, sir, he was.

Q. Now, Mr. Milliken, you heard Mr. Oeland's testimony a little bit earlier with respect to the meeting between himself and yourself in July 1951 with respect to his becoming treasurer at Darlington, did you not? A. Yes, sir, I did.

Q. Is your recollection substantially in accord with his with respect to that conversation? A. Yes, it is.

* * *

[3525] Q. (By Mr. Updike) Now, Mr. Milliken, in connection with the activities of Deering, Milliken and Company as a factor for the mills which sell through it, has Deering, Milliken and Company ever guaranteed a loan for Darlington or any of these mills to your recollection? A. No, sir, it has not.

Q. Has any mill selling through Deering, Milliken and Company ever guaranteed a loan for any other mill within your recollection? A. No, sir.

Q. I believe that it appears that Arthur Andersen and Company acted as auditors for many, if not all, of the mills selling through Deering, Milliken and Company during the years that we have been considering here. Is that about right? A. I believe that is correct. I don't know whether it was at that time or not but Lybrand, Ross Brothers and Montgomery also audited for a long period of time for some of the mills.

Q. Did Arthur Andersen and Company ever prepare any consolidated statement with respect to Deering, Milliken and Company in the mills that sell through it? A. No, sir.

Q. Are any of the treasurers of the mills which sell through Deering, Milliken and Company on the Board of Directors of Deering, Milliken and Company? [3526] A. No.

Q. Incidentally, does Deering, Milliken and Company own any stock in the Cot-Wool Manufacturing Company? A. No, sir it does not.

Mr. Updike: I have referred, Mr. Examiner, to some material on the subject of factoring. And I now offer as Respondent's Exhibit N-3 photostats of the title page and pages 49 and 50 of a volume en-

titled "The role of factoring in modern business finance."

* * *

[3533] Trial Examiner: Well that, Gentlemen, is just one other difficulty that I must assume. If it is hard to tell, somebody will have to make the effort in any event. But as far as the relevancy of the—or the admissibility of it at this time is concerned, I think it should be received in evidence. The objections are overruled.

(The document above-referred to was marked General Counsel's N-3 for identification and received in evidence.)

Mr. Updike: Shall I proceed, sir?

Trial Examiner: Yes. Please.

I am wondering to what extent this witness can tell us about——

Mr. Updike: I plan to do that, sir. I am going to [3534] follow testimony by the witness after having laid this general foundation—testimony by the witness from his personal experience.

Mr. Dyer: Mr. Examiner, as to any questions relating to this, I will take a continuing objection.

Trial Examiner: Oh, yes.

Mr. Updike: I draw your attention, Mr. Buchanan, in addition to the introductory material which I read, to the following: There are a whole series of paragraphs which are lettered and which are introduced with the following language: "The varied nature of the services which a factor may perform for his clients in the connection with the advising or counselling functions are indicated in the following statement."

Trial Examiner: Excuse me.

Q. (By Mr. Updike) I direct your attention to subparagraph "B" "Some factors will conduct market studies to determine if a mill is getting its share of the market and if not to find out why and suggest corrective measures to the mill."

"E": "Progressive reliable factors seek to aid their accounts on the basis of personal service almost as a management consultant. In addition to helping a mill with long range financial planning, they will counsel the clients on production, sales, and distribution plans."

"They may assist with organizational matters, show a [3535] mill how to streamline its office procedures, or help in setting up a budget."

"F": "They have helped with workload analyses and other industrial engineering functions. They have surveyed mills and advised on machinery replacement and modernization programs."

Mr. Updike: I next pass to Subdivision "H" in parentheses, which is at the top of page 50.

"In addition, factors help arrange banking connections, may offer suggestions on tax matters, pension plans, trust funds for company officials, et cetera."——

Trial Examiner: I am interested in that "et cetera".

Mr. Updike: Yes.

"Much or all of this counselling is provided free of charge."

Then the full width paragraph, the opening sentence:

"As indicated by this detailed listing, these services are specific rather than general in nature. For

example, the factor knows the amount and the trend of his client's sales for each section of the country. He may compare these figures with those from Government and other sources, showing the total sales volume and trend for the industry as a whole in each section and nationally.

"He is in a position to provide his client with valuable information applying particularly to his situation and [3536] to offer specific suggestions and counsel."

* * *

[3541] Mr. Schoemer: Mr. Janes, yesterday when I was responding to some of the question you had asked about the prevalance of certain wage practices and working conditions in some of the other mills, I said that I had no information as to whether or not any year-end bonuses were paid in the other mills and that I would try to get you an authoritative answer to that. I have not succeeded in doing so, in that I have not located anybody who is quite certain of the answer. And the only way to do it would be to get in touch with the various mills, which is obviously impossible within the time available.

However, it appears to be the fact—and I stress the word "appears"—that at none of the mills selling through Deering, Milliken during the years in question was a cash bonus paid to the hourly paid employees at Christmas time or year-end.

* * *

[3452] Q. (By Mr. Updike) You may recall in connection with the testimony of Mr. Minot Milliken who was the first witness in what seems to be a number of ages ago

in this case, a question arose with respect to the normal and customary procedure by concerns which both sell and factor in this industry.

Do you recall those questions and the answers? A. Some of them, yes, sir.

Q. Generally speaking? A. Yes, sir.

Q. Now, have you at my request made a list of concerns which do both sell and factor in the market in New York? A. Yes, sir.

Q. The textile market? A. Yes, sir.

Q. Would you give us the names, please?

Mr. Janes: Just one moment.

[3543] I would like to put my objection on the record possibly in the same terms as I made earlier in the hearing on the grounds that this is of no help whatsoever for us to determine whether there was a single employer enterprise in this particular case.

Trial Examiner: Overruled.

Q. (By Mr. Updike) My question is: Do you have a list of those that engage both in selling and in factoring with respect to textile mills? A. Yes, sir, I do.

Q. May we have them please? A. The principal competitors of Deering, Milliken and Company are Islin-Jefferson, Joshua Bailey; Wellington Sears; Leslie Catlin; Avondale Mills; Woodward-Baldwin; Turner Halsey; William L. Barrell; Joseph Valentine; Cannon Mills; Chicapee Mills; J. P. Stevens; Lowenstein.

That is the list of the principal textile combinations selling houses and factors.

* * *

[3549] Q. (By Mr. Updike) Now, Mr. Milliken, to what extent, if any, do some or all of these concerns which you have spoken of offer services comparable to those by Deering, Milliken and Company as testified to in this case, offers to the mills which sell and factor through it? A. The services performed by the firms that I have mentioned earlier who are competitors of Deering, Milliken are similar in almost all instances to those services offered by Deering, Milliken to the mills, each for the mills that sell through the respective selling agents and factors.

Q. Do those services include advice with respect to tax matters where such matters are inquired into by the client or customer? [3550] A. Yes, sir.

Q. Is there any instance—or are there any instances in which the services go beyond anything that has been testified to here as being offered by Deering, Milliken and Company to the mills which sell and factor through it? A. Yes, sir.

Q. Can you give us an illustration of that, sir? A. The Aniston Manufacturing Company recently changed its selling and factoring account from Hessline and Company to Chicapee.

Trial Examiner: Hessline isn't one that you recited?

The Witness: No.

Trial Examiner: From Hessline and Company to Chicapee?

The Witness: Yes, sir.

And the Chicapee organization offered as an inducement to the Aniston Manufacturing Company the promise that they would come in and set up a system of production control; they would reorganize their cotton buying; that they would, help them to

set up a study of their work assignments, and make available to them for out-of-pocket costs only a man who would come in and make a study of their machinery layout.

Q. (By Mr. Updike) Now, these mills—let's take Cannon Mills as an example——

Trial Examiner: I am wondering—excuse me, Mr. Updike—but are these so-called independent factors? Are [3551] they single——

Mr. Updike: I was going to ask that, sir.

Trial Examiner: Excuse me.

Q. (By Mr. Updike) Let's take Cannon Mills for an example. Does Cannon Mills sell and factor for mills which either have an interest in it or in which it has an interest? A. It is my understanding, Mr. Updike, that there are two companies. There is Cannon Mills, which is listed on the New York Stock Exchange. It in turn has, as I understand it, a wholly-owned subsidiary which is called Cannon Mills of New York, a New York Corporation, which sells all of the products as far as I know of the Cannon Mills as such.

This subsidiary engages in the business of selling and factoring for additional mills in which the Cannon parent organization has no financial interest. Such mills as the Alice, and Aerial Manufacturing Company owned by the McKinniks in Greenville, the Clifton—or rather the Inman and Enoree Mills in Spartanburg owned by the Chapmans.

And in a similar fashion, J. P. Stevens and Company sells for mills such as the Marion Manufacturing Company, the Jackson Mills, and I believe—and the Thomaston Cotton Mills in which it has no financial interest.

Q. All right. Does J. P. Stevens have a selling and [3552] factoring subsidiary such as Cannon has? A. I believe that it is not a subsidiary, but it does have in addition to its own factoring a division, a wholly-owned factoring subsidiary called J. P. Maguire and Company which factors for some of the mills which sell through Stevens and for a large number of mills who have no selling arrangements with J. P. Stevens.

* * *

[3556] Q. (By Mr. Updike) Mr. Milliken, Mr. Buchanan has inquired, as I understand it, in effect whether the services rendered by a selling and factoring agent to mills in which it has an interest are different from, greater than, or less than those services rendered for mills in which it has no financial interest? A. It is my knowledge from my contacts, for instance, with the partners of Islin-Jefferson and Company, whom I know well, that services that they perform for the Woodside Mill; for instance, in which they have a very large interest, and those which they perform for the Borden Mills and the Bibb Manufacturing Company in which they have no interest, are to all intents and purposes identical.

Mr. Updike: Does that answer the point that you brought up sir?

Trial Examiner: I think so.

Q. (By Mr. Updike) Now, Mr. Milliken, can you tell us what the practice is with respect to the name, so to speak, applied to mills in the parlance of the textile business in [3557] New York?

In other words, I think Mr. Minot Milliken testified that the Cannon Mills, meaning the selling agency, in the representation, I think, you said earlier—I think you referred to

the Inman Mills; in the parlance of the business in New York, the Inman Mill is known as a Cannon Mill.

Is that right?

Or does your recollection differ from his? A. That is correct, Mr. Updike. And I used to be very much puzzled when I would be talking about a sales problem with Mr. Harris or Mr. May and finding out to whom Deering, Milliken had lost an order for one of their clients, to have them tell me that they lost an order on a print cloth fabric to Cannon Mills.

And I said to them but Cannon has no print cloth mills, referring to Cannon Mills, the Towel and Sheet producer.

And they said, well, I don't dare, the customer told us we lost it to Cannon Mills. And it was sometime before I became aware of the fact that it was common in the trade to refer to the Inman Mills that makes print cloth and the Alice Mills that make print cloth, who sold through Cannon as Cannon Mills.

And they are commonly referred to as such in the trade papers when they report on what mills are doing as [3558] regards raising or lowering of prices or changing constructions, et cetera.

And in the same fashion, those mills which have engaged the services of Islin-Jefferson for selling and factoring are referred to as "I. J. Mills", et cetera.

Q. Then there are some Lowenstein Mills, for example, or Woodward-Baldwin Mills? A. Yes, sir, there are.

Q. You have been here a good many days Mr. Milliken. And we have heard references from many of the exhibits to the D. M. Mills, to "our organization", to "this organization," "the Deering, Milliken Mills", and where there is

a communication within the group, if we may call it that for the moment, comprised of Deering, Milliken and Company, Incorporated and the mills that sell through it and the Service Corporation and the Research Corporation, has there been a practice to refer at times to those companies as the Deering, Milliken Mills, or a reference equivalent to that?

Mr. Janes: Practiced where?

Mr. Updike: Within the organization, so to speak.

I did that on purpose. We have all, as a matter of fact—if there is anything that has been demonstrated in these hearings, it is whether it is admittedly a matter of economy or not—everyone has dissented or assented, whichever may be regarded, to the use of "D. M. Mills."

[3559] Trial Examiner: I might say that I noted—or I was struck with the fact that several witnesses appeared to me to be very careful to say "mills selling through Deering, Milliken".

Mr. Janes: At the hearing.

Trial Examiner: At the hearing, that is right.

So that it appears that—I think General Counsel and Mr. Janes won't object to this statement—they will claim that it proves or tends to prove their position. Mr. Updike is in the process of offering an explanation for this. But it appears that these various mills which for present purposes we will say are mills selling through Deering, Milliken and Company, are generally referred to as "Deering, Milliken Mills."

Does anybody dissent?

(No response)

Trial Examiner: All right.

Mr. Updike: They are so referred to in the shorthand of trade parlance in New York.

Mr. Janes: Are you talking about trade parlance or in your organization, if I may use that word? That is the reason I asked the question; to make it clear what the witness is talking about—trade parlance or——

Mr. Updike: I am just about to draw that distinction, if I may, Mr. Janes.

[3560] Mr. Janes: Surely.

Q. (By Mr. Updike) We have been talking in terms of trade parlance for the last several questions. The trade parlance with respect to Cannon Mills and Chicapee and "IJ" Mills, and so on.

Was that true so far as you are aware, Mr. Milliken, with respect to Deering, Milliken itself? That is to say, the mills were frequently referred to as "DM" Mills? A. Yes, sir.

Q. Now, sir, in this connection are there other areas within the textile industry where a similar or analogous situation exists such as the AMC Stores? A. Yes, sir.

Q. What are the AMC Stores? A. There is no such corporate entity as the AMC stores, Mr. Updike; but a group of independent stores or store chains, in the interest of buying economies, banded together and formed a subsidiary corporation, which became—which is known as the Associated Merchandising Corporation. I believe there are one or two other similar corporations. They formed AMC Associates to make group purchases of certain materials. These stores are by and large the leading stores in their communities through the United States. And when, for instance, a mill that sells through Deering, Milliken comes

up with a new development, a new fabric— [3561] milium, v-s-s-a, lorette, something like that—the first interest that we have in Deering, Milliken is to get the AMC Stores interested in buying it. So we call on the AMC buying offices. And often we have been fortunate in getting the AMC stores to put on an AMC promotion.

We have in instances been able to sell them merchandise packaged as an AMC Diaper with that name on it. This, you understand, would be sold by stores that are completely independent of each other, and only work together because working alone they could not afford the services of the same caliber that they can obtain by pooling their efforts and working together.

Q. Are there any other analogies that you think of? A. As I have thought about it, I think that another analogy might be CBS Television Stations. It is my understanding that only seven stations are owned by the Columbia Broadcasting Company; but there are perhaps fifty others, the owner of which lives next door to me in Spartanburg that are completely independent financially, but who constantly refers to his CBS affiliation, and meets with other so-called CBS affiliates at meetings similar to treasurer's meetings that have been described here for the purposes of discussing common problems and exchanging individual experiences.

Maybe the Howard Johnson Restaurant Chain would be comparable, where it is my understanding Howard Johnson does [3562] not own an interest in any of the filling stations and/or motels that sell under that name, but where they use that name because it helps to advertise their product and get them customers.

* * *

Q. Indeed I think it appears from stipulation here that the stock of Darlington, the stock of Gaffney, the stock of Monarch, and perhaps others, and Drayton, publicly quoted,

sold, and traded in day by day. A. I knew of three weekly stock quotation sheets that came across my desk which quoted the bid and ask price on [3563] Darlington Manufacturing Company stock.

Q. Now, in connection with the formal or legal relations of Darlington, what was the practice with respect to the use of its correct corporate designation? A. Mr. Updike, I would feel that in almost every, if not every, transaction of a business nature that Darlington made, that this transaction was taken in its corporate position under its corporate name. I think that undoubtedly every letter that was ever written by Mr. Oeland or any person reporting to him working for the Darlington Manufacturing Company was written under the Darlington letterhead, using the corporate name and the place of business.

I believe that all of the checks that were made out to any individual working for Darlington were made out on a Darlington Manufacturing Company check.

This would also be true for any supplies, machinery that they purchased. I am sure that any bills that they submitted for waste or for junk or for house rental and other things would have been on their letterhead. Any communications they had with their banking accounts would be done completely on their corporate name.

Q. What about the corporate resolutions in connection with bank accounts? A. Of course it is a requirement I think of the banking laws of all states that before a bank can honor a signature [3564] drawn on the account of a corporate entity, it has to have a resolution officially passed by the Board of Directors of that Institution.

Q. I show you what I believe to be the form of the cotton sales note, and I ask you if that is the document under the terms of which sales by Darlington or on behalf of

Darlington were recorded? A. Yes, sir, it is. And you will note that while it goes out under the heading "Deering, Milliken and Company, Inc.," it states that it is "acting as agent for the," at the top of the page in the upper right-hand corner, and that at the bottom where a signature of somebody in the Deering, Milliken and Company is called for, "it is accepted by Deering, Milliken and Company, Incorporated, specifically designated as a selling agent."

And it is because of these separate corporate entities that it was with chagrin the other day that I noticed on a letter that Mr. Dyer cross-examined me about that I referred, for instance, to the whole company, when in fact there is no whole company. But here Darlington Manufacturing Company, a separate entity selling through Deering, Milliken and Company, an agent.

And this same letter I think I referred to the manufacturing of Deering, Milliken. Deering, Milliken has never ever had any manufacturing division nor has it ever [3565] entered into manufacturing. This I believe was a short cut and convenient way of describing the manufacturing carried on by the mills who had hired as their selling agent Deering, Milliken and Company, a very cumbersome phrase indeed, to use in a letter to somebody who clearly knew and did know the facts of the separate Corporate Entities involved.

* * *

[3566] Q. Now in one portion of this ["Fabric Magic"] book, reference is made—and these pages are not numbered—but I would say it is about three-quarters of the way through toward the end, on a page the top line of which reads "Magic of Mill Integration": there is the phrase: "So is the textile team with Milliken a group of specialist mills, each expert in some type of phase of textile production and closely integrated to control from start to finish the properties, costs and quality of the fabrics."

And I ask you, sir, if the term "integrated" on that page has a special reference to the particular message that is there set forth?

Mr. Janes: I object to that on the ground that the exhibit speaks for itself.

Trial Examiner: I will let the witness explain.

The Witness: Mr. Updike, at this dinner meeting at the Waldorf Astoria, the selling organization of Deering, Milliken was talking about the sale of a finished product, namely Lorette, made by one of the woolen mills that hired Deering, Milliken to sell for it. It refers in this fabric magic booklet primarily and principally to fabrics sold by Deering, [3567] Milliken in the finished state. And we in Deering, Milliken and Company were calling the attention of our customers to the fact that these fabrics that we were talking about were made by a mill that bought the raw wool and finished the product as against converter type of merchandising which has been discussed earlier where, for instance, a converter would buy goods from the Darlington Manufacturing Company, have them finished for its account, and sell them, which would not be considered to be an integrated operation from cotton to finished cloth.

We were talking here about integrated fabrics where one mill had control from the raw wool to the finished cloth ready to be cut by the garment manufacturer.

Q. Now, I notice that this exhibit refers to "mills with Milliken" rather than Deering, Milliken.

What advice if any did you receive from your advertising people with respect to that? A. When Deering, Milliken and Company first started advertising in a major way, Mr. Updike, they hired Young and Rubicam to advise them in this matter.

Young and Rubicam advised that it was a very—it was a difficult enough thing to get the public to become acquainted with a single name; and that they would like to recommend that instead of Deering, Milliken, the name Milliken alone would be used as identification in advertising that they would be preparing for us. And their advice was accepted and has [3568] subsequently been followed.

Q. In advertising, Mr. Milliken? A. In advertising, yes.

* * *

Q. (By Mr. Updike) Mr. Milliken, I recall that in the testimony that you gave I believe on Tuesday, that reference was made to the proper cost in connection with the production of cotton products of labor on the one hand and overhead on the other. And I don't just recall what the exhibit was.

I don't find a quick reference to it. A. Mr. Updike, I remember this was a letter that was written by me to Mr. Oeland following a visit that I made to the West Point Manufacturing Company. And at West Point, Joe Lanier, the president said that——

Trial Examiner: Wait a minute.

Mr. Updike: It is N-59.

Trial Examiner: What was your question, Mr. Updike?

Q. (By Mr. Updike) My question is: with reference to General Counsel's N-59, which we have found, whether you have subsequently sought to verify the correctness of

those figures of 16 cents for labor on the one hand and 16 cents for overhead on the other. And if so what the verification has shown. A. May I state the background against which this question [3569] was asked, Mr. Updike?

Q. If you can do it briefly, yes. A. The President of West Point had just organized a department to make economic studies into the different areas of textile manufacturing because he had been asked by his directors where they should expand if they had money with which to expand.

He said that they had been investigation, among others, the print cloth field; that in talking to somebody he knew in the textile industry that he had been told that a price of 16 cents a pound for labor and 16 cents a pound for overhead was a good one for a print cloth mill.

He asked me if that were true. I said that I was not that familiar with the costs, but I made a mental note to find out—that I wanted to find out and inform myself on that subject. And when I got home I did write a letter to the print cloth mills with which I was connected.

You will remember that Darlington wrote that their costs were about 16 cents in each category. However, another mill with which I am connected, which is the most successful print cloth mill with which I am connected, wrote and advised that their labor costs at that time was approximately 13¾ cents and their overhead 13¼.

And 13 cents was subsequently estimated by the Witin Manufacturing Company in a study that they made which was [3570] published in May of 1956 as being that cost which a modern print cloth mill would need to have for labor to be competitive.

Mr. Updike: I have only one further point to make on a different topic, Mr. Examiner.

Trial Examiner: Very well.

Mr. Updike: At the first hearing there was testimony adduced by Mr. Dyer through a witness named Mozingo who testified to a conversation with Mr. Milliken which has repeatedly been cited since for the proposition that this witness had stated following the stockholder's meeting at which the liquidation vote was taken that as long as a hard core of 17 percent remained in Darlington. he would refuse to open the mill.

Now, this witness has repeatedly stated to me that he did not make any such statement at that time. And you will recall that I was not present when that testimony was taken, Mr. Buchanan. And in the subsequent developments with Mr. Poag, the rebuttal of that statement by the witness was not placed in the record.

I should like to place it on the record now if I may, so that we will not be in the future—so in the future we will not be in the position of not having this witness' own version of that conversation on which to rely for our side of the case.

[3571] Mr. Dyer: Mr. Examiner, I have two objections to such a course. One is a basic one in that the witness was asked by Respondent's Counsel concerning the conversation. It may not have been the most direct questions to be asked, but the witness did testify concerning his conversations with Mr. Mozingo. I do feel that the witness should not be given a second chance to correct any oversights of the first.

Secondly, I think that all parties have agreed that this hearing does not take up that particular—or that goes directly to the violation at Darlington.

And I think the point has been made by Counsel here that they were not here to try that part of it.

Mr. Updike: That is perfectly true.

Mr. Janes: Mr. Trial Examiner, without repeating anything Mr. Dyer says, I want to incorporate by reference everything he says as vigorously as I can.

Trial Examiner: The record will note your vigor, Mr. Janes.

Mr. Janes: Thank you, Mr. Trial Examiner, as long as you note it.

Trial Examiner: The record will show that Mr. Updike has sought at this time an opportunity to rebut that testimony. I am going to sustain the objection. This is a matter in which—oh, I think there is other reason; but aside from the fact generally that we won't reopen the other case—[3572] we have agreed not to go into it; and I think as a matter of fact the other day, probably Tuesday, the last time there was a reminder of that was when Mr. Janes noted a violation—or rather noted an objection and spoke of something—he mentioned remedy and violation.

And when I pointed out he had included violation, he said, I withdraw that. The objection is sustained.

Mr. Updike: Well I wish to put it on the record and I also wish to put on the record my dissent from Mr. Dyer's statement that the witness was asked directly concerning this particular conversation with Mozingo.

Trial Examiner: Well, Gentlemen, the record will show whatever did occur. And certainly if we are not going to take testimony from the witness to

supplement the original hearing, statements by Counsel will not be regarded as adding to the testimony received.

* * *

[3581] Q. (By Mr. Dyer) Mr. Milliken, in response to a question from Mr. Updike, I believe you said that Deering, Milliken did not guarantee loans for any of the mill corporations; is that right? A. That is right.

Q. Did Deering, Milliken as a matter of fact advance cash for Darlington's operations during the time Darlington was undergoing reorganization in the late 30s? A. That is before my time. It is my understanding that Darlington—that Deering, Milliken had advanced cash to Darlington that Darlington was not able to pay off.

Q. And subsequently Deering, Milliken took stock in lieu of Darlington paying? A. There was a reorganization in which Deering, Milliken was issued stock on some kind of basis for the indebtedness that Darlington had to it.

Q. All right.

Mr. Mililken, I take it that in your capacity as President of most of these corporations which is shown on the chart that you actually are the spokesman for the Milliken Family? A. Well I don't know what you mean by that. I am sure that there are members of the family that would thoroughly disagree with that.

Q. Well in most business matters do you speak for the family? [3582] A. No, sir, I do not. Each speaks for himself or herself.

Q. One further question: As I understand it, there was a teletype system in existence between Deering, Milliken, Darlington, the Service Corporation, and Research Corporation; is that right? A. Well, I undesrtand that there was teletype service which is the kind that is purchased by any-

body that wants to have teletype service. Is that not—I am not familiar with how it works frankly.

Q. Well what I was asking—— A. There was a teletype in New York in the office of Deering, Milliken and Company—and I believe there was one in Darlington, I am not sure.

But there certainly are in some of the mills. And teletype communications went back and forth between them.

* * *

[3585] Mr. Schoemer: Mr. Examiner, you will recall that approximately a week ago today we furnished to Counsel for the Union at his request copies of the employees handbook issued by Monarch, Judson and Drayton Mills; in addition to the book which has been marked in evidence as Respondent's Exhibit N-1.

To avoid putting these three books in evidence in that they together comprise some 125 or 150 pages, we would ask Counsel for—we would ask the General Counsel and Counsel for the charging union to concede that based upon their examination of the books, first of all, each book contains an organization chart in which the top position appears either as treasurer or vice president, and no reference to the [3586] president of the company is made on the organization chart.

Secondly, that the only references in the various books to Deering, Milliken and Company are as follows: At page 9 of the Judson Book the following appears:

"Our fabrics, which are sold through our selling agent, Deering, Milliken and Company, Inc., are

used by many of the well known garment and other textile fabric indicators."

Secondly, that in the Drayton book, which is entitled "Drayton and You", at page 4, the only reference to Deering, Milliken and Company is in the following terms:

"These and other Drayton fabrics are sold through our selling agents Deering, Milliken and Company, New York, and will be found in many well-known lines."

And that in the Monarch Mill's employees handbook at page 65, the following references to the name "Deering, Milliken" appear.

"Selling agents."

"Deering, Milliken and Company with sales headquarters in New York at 240 Church Street markets the output for the three plants."

And then omitting a paragraph, another heading "Cotton:

"Cotton for all plants is purchased centrally by the Deering, Milliken Cotton Purchasing Department with headquarters at the Monarch Plant——".

Mr. Janes: Excuse me for a minute, Mr. Schoemer. This [3587] may cut it short.

Now I will accept your statements and I would be willing to stipulate that they appear in those books.

At the same time, I would like to have an opportunity to cull from those booklets statements that I would like to present as our argument if they would be available to me and we could do that at another time.

Mr. Schoemer: If I may do so, Mr. Janes, I suggest first of all that you let me finish the quote which I was reading.

Mr. Janes: Surely.

Mr. Schoemer: Continuing the quote:

"—through which the cotton requirements for Deering, Milliken Mills are obtained."

If there are any statements in these books to which either counsel for the Union or for General Counsel wishes to direct your attention we of course would have no objection to their doing so.

Mr. Janes: The question is asked whether we would stipulate that these statements be put on the record in lieu of there being made exhibits. Because of the timing factor—and that is the only consideration that moves me at the present time—there are certain statements that I do want to put in. I didn't know whether the company was going to put these manuals into evidence. But I would like the same kind of [3588] privilege as Mr. Schoemer had. And, therefore, I would stipulate as to the statements that he has made provided we get a similar stipulation that the books will be made available to us and we could point out to the Trial Examiner the statements that we believe will further our argument.

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